

Check mortgage fees closely



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When honest, ethical professionals in mortgage brokering, banking and real estate read about fraud in home buying, selling and financing, we are tempted to hang our heads in shame.

The fact is, the Rochester area has seen too many of these stories — from the \$60 million mortgage fraud case against builder Robert A. Amico and sons Richard Amico and Robert J. Amico to the recent convictions of a mortgage broker and the owner of a title agency who conspired to defraud more than 60 people out of more than \$100,000. As recently reported, they presented borrowers with inflated costs and fees while presenting lenders with lesser costs, and pocketed the differ-

ence. On the national scene, as reported in January, Ameriquest agreed to fines of more than \$325 million to settle a national investigation involving the concealment of interest rates and loan costs and the pressuring of appraisers to inflate the values of borrowers' homes.

These days, despite a streamlined process, the purchase and financing of a home is no simple transaction, especially considering the number of parties involved — buyer, seller, lender, mortgage broker, real estate agency, state and local municipalities, utility company, home inspectors and appraisers, title agencies, bank attorney, personal attorney and insurers.

Fees charged by mortgage professionals in a real estate transaction — often the issue in fraud — are usually for a credit report, flood certification, mortgage tax, underwriting and title insurance.

Most of these fees can be accurately predicted by a good-faith estimate. Some fees, such

as title insurance, can and do vary, and the exact amount may not be known until closing. However, a lawyer or a mortgage broker can spot a title fee that is out of line.

Typically, a home buyer focuses on the home's purchase price and loan amount; it's hard to be critical of a list of fees that may be in the hundreds of dollars, when the amount of the mortgage itself is likely to approach \$100,000 or more.

However, home buyers should ask a lender or broker for an itemized, unbundled list of fees and charges — and then compare them with other lenders' charges. Any reputable mortgage and real estate professional will be glad to oblige.

As mortgage professionals, we must not breach a home buyer's trust. To paraphrase an old TV ad: We make our money the old-fashioned way; we earn it, not steal it. □

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