



PRIME INFORMATION FOR THE SUBPRIME MARKET

Subprime loans play an important role in today's home financing marketplace. These products can make homeownership possible for many American families who have less than perfect credit records or those who otherwise fail to qualify for prime, conventional loans. Subprime loans, for existing homeowners in financial distress, can also be used as an alternative to bankruptcy or foreclosure.

Consumers who have encountered financial hardship in the past such as bankruptcy, liens, or excessive debt can still get approved for a mortgage. However, until their credit improves, they will have to accept a subprime loan and should expect to pay a higher interest rate as well as provide a larger down payment.

“Subprime loans allow the American dream to become a reality for consumers with a spotty credit history,” stated Patrice Yamato, CRMS, President of the Florida Association of Mortgage Brokers (FAMB). “Unfortunately, subprime loans are sometimes unfairly misrepresented as predatory loans. This paints an inaccurate picture of these valuable products and might deter some individuals from pursuing homeownership.”

Consumers can work to improve their credit profile and eventually achieve prime status by taking the following steps suggested by the FAMB:

- Pay off or significantly reduce high interest credit card debt
- Pay your mortgage and other bills on time
- Establish a savings account
- Work with a mortgage broker such as a FAMB member or other originator who has experience in the subprime market and can guide you accordingly
- Work with your mortgage broker or loan originator to contact the three major credit bureaus to clear up any inaccuracies on your credit report
- Create consistency in your employment history by maintaining a job at the same company for at least one year

Whether you are classified as a prime or subprime borrower, the FAMB offers the following tips to avoid abusive lending practices:

- **Shop around and compare**
- **Negotiate**
- **Be cautious**
- **Never act impulsively**
- **Understand the terms of your loan**
- **Don't be afraid to ask questions**
- **Read carefully before you sign**
- **Borrow only the amount you need and can afford to repay**
- **Work with an FAMB member who subscribes to strict ethical standards**
- **Get help immediately if you feel you have been victimized**



The Florida Association of Mortgage Brokers is the oldest state trade mortgage association in the nation whose members strive to attain the highest degree of excellence and customer service available. FAMB members also subscribe to a strict code of ethics. For more information or to find a mortgage broker in your area, visit the consumer information page on the FAMB web site at www.famb.org.