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| **Twelve Guidelines On How To Get The Best Mortgage**     1. The first step is to get a credit report from TRW, TransUnion, Equifax or other bureaus that may available. Look through the reports to see if there are any mistakes. A FICO score above 680 is excellent. 2. The second step is to find a lender you can trust. Ask for recommendations from your friends, co-workers, or neighbors who are homeowners. If you have a realtor that you trust you can also ask for their advice. It is important to assess the competence and communication skills of the Loan Rep who will be handling your transaction. 3. Mortgage lenders have many programs to choose from. Some lenders have over 100 choices of programs. Beware of Zero Point' or Zero Cost' loans. Nothing is free. 4. Determine which loan program is best for you. If you are only going to be in your home for ten years, do NOT pay for 30 years of expensive rate protection (what the 30 year fixed rate loan does). If you are in no position to take financial risks; you need a fixed rate loan. If your income is rising and if rates are falling, or you're only going to be in the house for a few years, an ARM is probably more suitable for you. 5. If you choose an ARM and if rates have risen, choose a loan tied to a lagging index such as the 11th District Cost of Funds. If rates are falling, choose a loan tied to T-Bill's, CD's, or LIBOR. Re-finance the loan, when the rate environment changes. 6. Most Conventional loans are sold to FNMA or FHLMC which buy loans from 24,000 banks, S&L's, and mortgage bankers. Each of those 24,000 lenders have the same cost of funds' on any given day. The goal is to find a lender who will sell you FNMA money at the lowest mark-up. 7. The market can change rapidly so developing and executing a good lock-in strategy is very important. The RESPA and Good Faith Estimate of Closing disclosure will show the costs and fees on the program on the date you applied. Many people think that their rate is locked in at the rate shown. That is not true. Find out your lender's lock policy lender. Your lender is legally obligated to send you the RESPA and Good Faith Estimate of Closing Costs within 3 days of application. 8. In dealing with a Mortgage Broker, ask to see the rate sheets from his sources of funds. If he will not show them to you, it would be best to find another broker. When you find a Mortgage Broker who will work with you negotiate what their commission (their points) and other fees will be on top of what the money source's rates and fees are. Get an Agreement in writing that they will not charge you more than the agreed upon commission. When it comes time to lock your rate, get some help figuring out which rate/fee choice is best for your needs. Get the name of the Manager. 9. In dealing with a Direct Lender, ask the Loan Officer how they are compensated. If the Direct Lender says that they are on commission, ask them if their company has certain programs or pricing options on which they get overages or extra commissions ? If their answer is yes, then you may want to find another loan officer with a better program for you. 10. Your Settlement Agent (Escrow in some states) will call you when loan documents are delivered to them. Have your loan documents Faxed to you including the RESPA forms and the note to you. 11. Compare these forms with the initial RESPA forms you were given. In the event there is more than a minor discrepancy, call your loan officer to get an explanation. If he cannot explain it properly then ask for his manager. 12. If you see the letters P.O.C., it means the Mortgage Broker is getting paid something in addition to their Loan Origination Fee. That is acceptable if the Origination Fee and the amount P.O.C. add up to what you agreed upon. If you have a problem, go to the Manager and complain. If you are right and if you are insistent about not signing loan docs until they are correct, they will correct the error rather than deal with the situation that you can create with their Regulators. 13. Most people do not remember what the rate is and if it's an ARM, they are only dimly aware of the variations. Every year Lenders make millions of dollars of profit off of people who are not aware that they could have re-financed into a lower cost loan. Maintain an active relationship with your mortgage. Write down the key features of your loan and pay attention to the market. Find a lender you can trust and ask him to keep you informed of developments which could be of benefit to you including refinancing your loan when the interest rates drop. 14. There are some excellent Loan Agents in the business. If you are pleased with the results of your mortgage experience, refer them to friends. By looking out for your Loan Agent and referring business to them, they may take even better care of you and make sure you get the best loan that they can find that will suit your needs.   If you had a bad experience, you can contact the Regulatory body in your state or you can contact HUD in Washington who can examine cases of irregularity |