



# Shopping Around?

## Here's The Inside Scoop On How To Do It Right!

**First**, Make sure that you are working with an experienced, professional loan officer. Large banks and credit unions rely on volume and low wage earning employees to discount their rates. It is very important to understand that **the largest financial transaction of your life is far too important to place into the hands of someone not capable of advising you properly and troubleshooting any issues that may arise along the way.** Many reps at banks are “order takers” and have no contact with an underwriter to get help if needed. But how can you tell?

**Step One:** Get the name and company of the loan officer and look them up on [Yelp](#) and [Zillow](#). DO NOT engage in business with a loan officer without checking references first. If you are considering a large bank, Google (for example) “Wells Fargo Mortgage Approval Complaints”.

Next, here are **FOUR SIMPLE QUESTIONS YOUR LENDER ABSOLUTELY MUST BE ABLE TO ANSWER CORRECTLY.** (The answers are given to you as I do not expect you to know) IF THEY DO NOT KNOW THE ANSWERS... **RUN**..... DON'T WALK, RUN TO A LENDER THAT DOES!

### 1. What Are Mortgage Interest Rates Based On?

*The ONLY correct answer is MBS or Mortgage Backed Securities or Mortgage Bonds, NOT the 10-yr Treasury. While the 10-yr Treasury Note often trends in the same direction as Mortgage Bonds, it is not unusual to see them move in completely opposite directions. **DO NOT** work with a lender that has their eyes on the wrong indicators!*

### 2. What Is the Next Economic Report or Event That May Cause An Interest Rate Movement?

*A professional lender will have this information at their fingertips (or know off the top of their head). As host of Seattle Real Estate Radio on KKOL 1300am Business Radio, I address these topics weekly keeping clients in the KNOW when it comes to their mortgage! Tune in Monday's at 3p or visit [www.SeattleRealEstateRadio.com](http://www.SeattleRealEstateRadio.com)*

### 3. When Janet Yellen and the FED “Change Rates”, What Does That Mean and What Impact Does It Have On Mortgage Interest Rates?

*The answer may surprise you (along with many others). When the FED makes a move, they are changing a rate called the Fed Funds Rate. This is a very short term rate that affects credit cards, credit lines, and auto loans. Mortgage rates often times end up moving in the opposite direction due to the dynamics of the financial markets and economy. Many people (and loan reps) do not understand the difference here. Work with a pro that does!*

### 4. What Is Happening In the Market Today, and What Is Happening In the Near Future?

*If a mortgage lender cannot explain how Mortgage Bonds and interest rates are moving at the PRESENT moment as well as what is coming up in the near future, you are talking with someone who is reading last week's news, and probably not a professional with whom to entrust your home financing.*

**Be Smart... Ask Questions... Get Answers!**



## **Shopping Around? (Part Two)**

### **Here's The Inside Scoop On How To Do It Right!**

#### **1. IF IT SEEMS TOO GOOD TO BE TRUE, THEN IT PROBABLY IS.**

*You probably didn't need me to tell you that, did you? Mortgage rates and money ALL come from the same place. So if something sounds really unbelievable, it's better to ask a few more questions to find the "hook". Is there a pre-payment penalty? What is the term of the loan? How many points are required? What is the lock in period?*

#### **2. YOU GET WHAT YOU PAY FOR.**

*If you are looking for the cheapest deal out there, understand that you are placing a hugely important process into the hands of the lowest bidder, that in the end, while saving you a couple of dollars could end up costing you thousands. Worst case, expect that you don't close at all and lose your Earnest Money deposit. All too often I see this, clients don't realize until it's too late that the cheapest isn't best. If you are looking for the cheapest "quote", head on out to the internet, and we wish you good luck.*

*Just remember - if you've heard of any horror stories from family members or friends about closing late, communication problems, and/or last minute changes to rates/fees.... These are often due to working with internet lenders or large banks/credit unions who have a serious lack of guideline knowledge and experience in the local market place. **MOST IMPORTANTLY, REMEMBER THAT THE CHEAPEST RATE ON THE WRONG STRATEGY CAN COST YOU THOUSANDS OF DOLLARS IN THE LONG-RUN.** That being said, we are not the cheapest. Of course our rates/fees are extremely competitive, but we have also invested in the systems and Team to ensure the TOP quality experience that you DESERVE!*

#### **3. MAKE CORRECT COMPARISONS - RATES & CLOSING COSTS GO HAND-IN-HAND.**

*When looking at estimates, don't simply look at the bottom line. This means that you may see the interest rate that you want, but may have to pay higher costs to get it. On the other hand, you can pay lower fees or even no fees at all - but understand, that comes at the expense of a higher interest rate. Either of these balances may be right for you, or somewhere in between, it all depends on what your financial goals are. A professional lender will be able to offer the best advice and options in terms of the balance between interest rate and closing costs that correctly fits your personal financial goals. This is a conversation we have in a Mortgage Planning Meeting.*

#### **4. UNDERSTAND THAT INTEREST RATES CHANGE DAILY, EVEN HOURLY.**

*This means that if you are comparing lender rates/fees - this is a moving target on an hourly basis. For example, if you have two lenders that you want to compare, you must get the quote at the EXACT time on the EXACT day with the EXACT same terms in order to make an accurate comparison. You must also consider the length of lock, as that impacts the interest rate. Lastly, the lender must guarantee a 30-day close or you will pay points to extend.*

***As you can imagine, I wouldn't be encouraging you to "shop around" if we weren't very confident that we feel that we can give you a great value and serve you the very BEST!***

**Again, our advice to you is simple: Be Smart... Ask Questions... Get Answers!**