

Shopping for a Mortgage Loan



Should You Shop for an Interest Rate or a Loan Officer?

A good loan officer can be the most valuable asset in your home purchase transaction. Take the time to interview loan officers to make sure that you are working with someone who has experience and integrity. (This article uses the term loan officer because whether you are working with a bank, credit union or mortgage broker, your point of contact is not with the institution, but with an individual – that is the loan officer.)

When should I meet with a lender?

Even if you don't think you're ready to purchase a home right away, it's a good idea to take the step to meet with a loan officer. They will provide guidance on steps you need to take so that you will be ready to buy when the time comes.

Looking only at interest rates?

When selecting a lender, it is tempting to look for the lowest interest rate possible. However, interest rates will likely change from the time you start looking for a home to when you finally make an offer on your house. Select a loan officer who is looking out for your best interests and has the loan program that suits your needs. If you are working with a loan officer that you trust, you will be confident that they will obtain the best rates possible for you at the time you are ready to buy.

Important qualities in a good loan officer include:

- **Honesty.** This is an essential quality in a loan officer. Is the loan officer straightforward in answering your questions? Or do they seem intentionally vague?
- **Responsiveness.** You should get a call back from your loan officer within 24 hours. He / she should be responsive to your questions and concerns.
- **No jargon.** Good loan officers will answer your questions with language the borrower understands – not just lender jargon.
- **Good listening skills.** Does the lender ask questions about your financial situation, listen to your goals and objectives for home ownership in an effort to find the loan program that best suits your needs?
- **No pressure.** You shouldn't feel pressure from the loan officer for you to make a decision, to accept a certain type of loan, or to take on more debt than you are comfortable with.
- **Shop for you.** It is your loan officer's job to find you the best deal and terms available for you at that time.

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continued



Here's what should cause you concern when interviewing a loan officer:

- Loan officer that doesn't call you back
- Doesn't answer all your questions
- Seems too slick
- Won't put things in writing
- Tells you that you don't need to understand all the financial terms he or she is talking about
- Uses jargon that clients don't understand
- Makes promises they likely cannot uphold
- Pushes clients to take on more debt than they are comfortable with

Here's what a good loan officer will NOT do:

- Pressure you into making a decision
- Pressure you into borrowing more than your household can afford
- Pressure you into a loan that's not right for you, saying you can always refinance later

You might have noticed the key word here is **pressure**. A good loan officer is not trying to get you to close on a loan as quickly as possible, so that they can make their commission. Instead, they are working for you – helping you to achieve your goals of homeownership in a responsible manner.

A good loan officer will spend a good amount of time listening to you to determine your specific financial situation and then be able to identify good financing options that are a match for you.

Online Lenders

Going with an online lender can be extremely tricky. This is particularly true on a home purchase, when the closing of the deal is time sensitive. It's important to have someone to turn to if you get into a challenging situation. If a lender has a local presence, they are less likely to do you wrong, since they have a vested interest in doing a good job - they have a reputation to uphold.

Remember that your lender is your partner in the deal. Having a competent loan officer that you can trust is essential.