



*Craig Brindley's*  
***NEWS YOU CAN USE***

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**Licensed in Pennsylvania & Maryland**

# Shopping Around?

**Here's the inside scoop on how to do it right!**

First, make sure you are working with an experienced, professional Loan Officer. The largest financial transaction of your life is far too important to place into the hands of someone who is not capable of advising you properly and troubleshooting the issues that may arise along the way. But how can you tell?

**HERE ARE FOUR SIMPLE QUESTIONS YOUR LENDER ABSOLUTELY MUST BE ABLE TO ANSWER CORRECTLY. IF HE OR SHE DOES NOT KNOW THE ANSWERS... RUN... DON'T WALK... RUN... TO A LENDER WHO DOES!**

**1. On what are mortgage interest rates based?**

The only correct answer is Mortgage Backed Securities or Mortgage Bonds, NOT the 10-year Treasury Note. While the 10-year Treasury Note sometimes trends in the same direction as Mortgage Bonds, it is not unusual to see them move in completely opposite directions. DO NOT work with lenders who have their eyes on the wrong indicators.

**2. What is the next Economic Report or event that could cause interest rate movement?**

Professional Mortgage Planners will have this at their fingertips. Call me for an up-to-date calendar of weekly economic reports and events that may cause rates to fluctuate.

**3. When Bernanke and the Fed "change rates," what does this mean... and what impact does this have on mortgage interest rates?**

The answer may be surprising. When the Fed makes a move, it is changing a rate called the "Fed Funds Rate." This is a very short-term rate that impacts credit cards, credit lines, auto loans and the like. Mortgage rates most often will actually move in the opposite direction as the Fed change, due to the dynamics within the financial markets. For more information and explanation, just give us a call.

**4. Do you have access to live, real time, mortgage bond quotes?**

Mortgage Planners who cannot explain how Mortgage Bonds and interest rates are moving at the present time, as well as what is coming up in the near future, are not professionals with whom to entrust your home mortgage financing.

**Be smart... Ask questions... Get answers!**

More than likely, this is one of the largest and most important financial transactions you will ever make. You might do this only a few times in your entire life... but we do this every single day. It's your home and your future. It's our profession and our passion.

# Shopping... Part 2

**Once you are satisfied that you are working with a knowledgeable Loan Officer, there are the rules and secrets you must know to “shop” effectively.**

**First, IF IT SEEMS TOO GOOD TO BE TRUE, TRUST YOUR INSTINCTS.** But you didn't really need us to tell you that, did you? Mortgage money and interest rates all come from the same places, and if something sounds really unbelievable, better ask a few more questions and find the hook. Is there a prepayment penalty? If the rate seems incredible, are there extra fees? What is the length of the lock-in? If fees are discounted, is it built into a higher interest rate?

**Second, AS THEY SAY, "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. Best case; expect very little advice, experience and personal service. Worst case; expect that you may not close at all. All too often, you don't know until it's too late that cheapest isn't the BEST. But if you want the cheapest quote – head on out to the Internet, and we wish you good luck. Just remember that if you've heard any horror stories from family members, friends or coworkers about missed closing dates, or big surprise changes at the last minute on interest rate or costs, these are often due to working with discount or internet lenders who lack experience and credibility. **Most importantly, the “best” rate can be far more expensive than the best advice.** Remember that the cheapest rate on the wrong strategy can cost you thousands more in the long run. This is the largest financial transaction most people make in a lifetime. That being said – we are not the cheapest. Of course our rates and costs are very competitive, but we have also invested in the systems and team we need to ensure the top quality experience that you deserve.

**Third, MAKE CORRECT COMPARISONS.** When looking at estimates, don't simply look at the bottom line. You absolutely must compare lender fees to lender fees, as these are the only ones that the lender controls. And make sure lender fees are not “hidden” amongst the title or state fees. A lender is responsible for quoting other fees involved with a mortgage loan, but since they are third party fees – they are often under-quoted up front by a lender to make their bottom line appear lower, knowing that many consumers simply look at the bottom line! APR? Easily manipulated as well, and worthless as a tool of comparison. Remember, when comparing rates and points, you are only comparing the “price.” If you are not dealing with a lender you can trust, the total cost will often be HIGHER than the “price.”

**Fourth, UNDERSTAND THAT INTEREST RATES AND CLOSING COSTS GO HAND IN HAND.** This means that you can have any interest rate that you want – but you may pay more in costs if the rate is lower than the norm. On the other hand, you can pay discounted fees, reduced fees, or even no fees at all – but at the expense of a higher interest rate. Either of these balances might be right for you, or perhaps somewhere in between. It all depends on your financial goals. A professional Loan Officer 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 goals.

**Fifth, UNDERSTAND THAT INTEREST RATES CAN CHANGE DAILY, EVEN HOURLY.** This means that if you are comparing lender rates and fees – this is a moving target on an hourly basis. For example, if you have two lenders that you just can't decide between and want a quote from each – you must get this quote at the same time on the same day with the same terms or it will not be an accurate comparison. You also must know the length of the lock you need, since longer rate locks typically have slightly higher rates.

**Again, our advice to you is to be smart. Ask questions. Get answers.**

**As you can imagine, we wouldn't be encouraging you to shop around if we weren't confident that we can give you a great value and provide you with the best service.**

**Please call us with any questions you have – we are ready to work for your best interest!**