

## **SAMPLE – How to Select Provider Article**

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### **How to Find a Good Mortgage Company**

For those who are unfamiliar with the intricacies of the housing and mortgage market, finding a good mortgage company to fund a home purchase can be a tough task. There are many mortgage companies that market their loans aggressively. Attractive rates, zero fees, great service - these are some of the benefits lenders typically advertise to attract borrowers, and it can be difficult to differentiate one from the other.

To find a mortgage that is really cost effective, hassle free and suits your financial goals, you need to find a reliable lending company. Here are a few things you need to look at:

#### **Interest rate**

Interest rate is the most important part of a mortgage, and this is where your comparison should begin. Look for lenders who advertise attractive rates. But remember that the quoted interest rate may conceal many hidden costs. Many borrowers have been fooled by the low monthly payments on interest-only loans. These borrowers are faced with huge balloon payments at the end of the loan term, which can be very difficult to meet. Read the fine print on the loan terms document and ask your lender if such balloon payments apply on the loan. Avoid mortgage companies that offer low rates but disguise other charges.

#### **Service**

The service level of a mortgage company is another important factor. Unless you can get all of your mortgage related queries answered satisfactorily by the lender, avoid using his services. A good mortgage company will make sure that its staff is friendly and willing to sort out customer queries effectively. Lenders who have no time for you are more likely to focus on profits at your expense.

#### **Transparency**

One way to check if the mortgage company is transparent and follows ethical practices is to ask for the APR it offers. Typically, there is very little difference between the APR and the fixed interest rate quoted. If not, there are probably significant hidden charges in the loan. The APR can give you a good idea of exactly how much the loan will cost you.

#### **Good faith estimate**

The mortgage lender should be willing to give you a Good faith estimate (GFE). This gives a listing of all estimated fees and charges. The provisions of the Real Estate Settlement Procedures Act (RESPA) require that the lender give the borrower a good faith estimate within 3 days of receiving the loan



application. Once you receive it, use these figures to compare rates with other lenders. Although the lender is not legally obliged to keep within the limits outlined in his Good Faith Estimate, you can gauge the lender's honesty by his willingness to give you this estimate.

### **Go local**

Go local when you are looking for mortgage companies to finance your new home. It is better to have loan dealings face to face with the lender's representative. A local lender is easier to access when you need a modification or face any other issue with your loan. Local lenders will also be more familiar with the market conditions in your area. This may allow them to offer competitive rates and attractive terms.