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How to Make Sure Your Mortgage Broker is Giving You the Best Deal

If you have chosen to go through a mortgage broker for your next home loan, you expect them to come up with the best possible deal for your situation. After all, that is the self-stated goal of mortgage brokers. They are the middlemen who try to match up the needs of borrowers with the loan products of mortgage lenders. Because they typically contract with several different lenders, they often have more loan options to offer borrowers.

Yet, mortgage brokers, just like any other business segment, are looking for a profit. Your satisfaction alone does not pay their bills. For this reason, you may find some mortgage brokers who will charge you brokerage fees for their services. In some cases you may even find brokers who are more interested in selling you certain loans because they will net them bigger earnings rather than because they are the best fit for your needs. According to Ira Rheingold, general counsel with the National Association of Consumer Advocates, "One thing that consumers need to understand is that a broker's interest is not always aligned with theirs. You need to be very wary despite what the broker may say about getting the best loan for you."

You do not have to give up on the mortgage broker plan just yet though. What you do need to do is be smart and know how to the steps you can take to score a great mortgage deal.

Shop Around

There is no better way to make brokers work harder than to let them know they are competing for your business. Talk with several different brokers and let each of them know the rates and fees quoted to you by the others. Ask them if they can find you something better. If they cannot, you will go back to the other broker. That will provide plenty of incentive for any broker to secure you a loan with great terms.

Ask Questions

Your broker may be a fast talker, and may seem intimidating. Still his job exists because of people like you. Don't let yourself be intimidated and do not simply accept everything the broker tells you. If you do not understand terms of the loan offered, ask questions! Even if you do understand all that is being said, make sure you find out about things that might not have been discussed. Ask about prepayment penalties, whether the loan has a fixed or adjustable rate, how much your interest rate may change over time if you have an ARM, and if there are any balloon payments required at the end. Basically you need to know a bit about home loans in general before you enter the playing field.

Research Your Credit Record

The interest rate you will be offered will depend largely on your credit score. You should pull a copy of your own report and credit score before you start applying with brokers. Once you know your score, go online to find out the average interest rates being given to people with your score range. This way you will know what type of rate is fair for your situation. Having an idea of what you should be offered will help you recognize a good deal when you see it!