

SHOPPING AROUND?

HERE'S THE INSIDE SCOOP ON HOW TO DO IT RIGHT!

First: Are you working with a TRUE Mortgage Professional? 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 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 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 a lender who has their eyes on the wrong indicators.*
- 2) **What is the next Economic Report or event that could cause interest rate movement?** *A professional lender will have this at their fingertips. They should not only be able to tell you the next major economic report, but how it might affect interest rates.*
- 3) **When Janet Yellen and the Fed “change rates”, what does this mean...and what impact does this have on mortgage interest rates?** *The answer may surprise you. When the Fed makes a move, they are changing a rate called the “Fed Funds Rate”. This is a very short-term rate at which banks lend to each other. The “Prime Rate” is what impact consumers and is always 3% above the Fed Funds Rate. The Prime Rate impacts credit cards and home equity lines of credit. 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 me a call.*
- 4) **What is happening in the market today and what do you see in the near future?** *If a lender 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, you are talking with someone who is still reading last week's newspaper, and probably not a professional 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 get a mortgage only four or five 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. We're ready to work for your best interest!

The Doug Haldeman Show
Sundays : 4pm
Your Real Estate, Finance, & Credit Resource
FM NewsTALK 97.1

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SHOPPING...PART TWO

Second: Do you know the Rules and Secrets? Once you are satisfied that you are working with a top-quality professional mortgage advisor, here are the **rules** and **secrets** you must know to “shop” effectively.

- 1) **If It Seems Too Good To Be True It Probably Is.** *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. If the rate seems incredible, are there extra fees? What is the length of the interest rate lock? If fees are discounted, is it built into a higher interest rate?*
- 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. Best case; expect very little advice, experience, or 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 BEST, and frequently ends up costing you more! 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 may have a serious lack of experience. Most importantly, 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 will make in their lifetime. Most of the best lenders offer interest rates that are very similar. Of course our rates and costs are very competitive, but we have also invested in the knowledge, systems, and team to ensure the top quality experience that you deserve.*
- 3) **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” down 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 underquoted up front by a lender to make their bottom line appear lower, since they know that many consumers are not educated to NOT simply look at the bottom line! APR? Easily manipulated as well, and worthless as a tool of comparison.*
- 4) **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 understand that this comes 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, and the estimated time you will be in the loan and home. 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 goals.*
- 5) **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 exact same time on the exact same day with the exact same terms or it will not be an accurate comparison. You also must know the length of the lock you are looking for, since longer rate locks typically have slightly higher rates.*

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

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