

SHOPPING AROUND

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

You have to make sure you are working with an experienced and 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?

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 Loan Officer 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 loan officer will have this at their fingertips. If they do not have an answer, they are not paying attention. **DO NOT** work with a Loan Officer who does not pay attention.

Here are Four simple questions your Loan Officer absolutely must be able to answer correctly. If they do not know the answers... RUN....DON'T WALK.... RUN....To A Lender That Does Know!

3. When Greenspan and the Fed “change rates”, what does that mean and what impact does this have on mortgage interest rates?

The answer may surprise you. When the Fed makes a move, they can change a rate called the “Fed Funds Rate” or the “Discount Rate”. These are both very short term rates that impact credit cards, Home Equity credit loans, auto loans, and the like. On the day of the Fed move, Mortgage Rates most often will actually move in the opposite direction as the Fed changes. This is due to the dynamics within the financial markets in response to inflation. If you get an answer that Mortgage Rates will go up or down with what the Fed does, they are wrong. **DO NOT** work with a Loan Officer who does not have a clue.

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

If a Loan Officer cannot explain how Mortgage Bonds and interest rates are moving in real time and warn you in advance of a costly intra-day price change, you are talking with someone who is still reading yesterday's newspaper and probably not a professional with whom to entrust your home mortgage financing. Would you work with a stockbroker who is only able to grab yesterday's paper to tell you how a stock traded yesterday but had no idea what the movement looks like at the present time and what market conditions could cause changes in the near future? No Way!