

# TOP TEN Things to Remember About the Mortgage Industry

## 1. If it says free, the cost is often somewhere else in the loan.

Many mortgage companies advertise free features in their loan. Free appraisals, free document fees and more. In reality those fees often show up in the loan as higher interest rates, or fees related to other things that would normally not cost as much. At AGM Capital Mortgage, if we say free we mean it. If we run a special to earn business, we won't pack that fee somewhere else in the loan. Plus, if you want a low cost or no fee loan, we'll let them know up front the effect it will have on your interest rate.

## 2. If the letter says pre-approved, often they aren't.

Some mortgage companies will give out "pre-approval" letters that appear to give buyers the ability to negotiate. In reality, unless your client has their loan documents in order and they have gone through the process of actually getting the loan, "pre-approval" letters are not really trustworthy.

## 3. The lowest rate is not always the right loan for your client.

Many mortgage companies today tout the phrase, "If we can't save you money on your current mortgage, we won't even try." What they are saying is that you can lower your interest rate, but usually it's by putting you into interest only or adjustable rate loans. What they won't do is work with you to evaluate if the "low cost" or "savings" even fits your needs. If you are planning to be in the loan beyond the adjustable term, then it can quickly cost you much more in the long run. We're not saying ARM or interest only loans are bad, we're just saying that you should be sure to look at the whole cost of the loan for the time you plan to own your home before you make that decision.

## 4. It's all about the deal! They get the deal then never call again.

Many mortgage representatives will "sell" you on a loan program to get you into the loan process, but then disappear. You try to call and all you can reach are loan processors, or worse – voice mail. You need to be sure your broker is available to answer any question you may have. From where the loan is in the process to why the deal has changed, your mortgage broker should ALWAYS be available. When your client calls AGM Capital Mortgage, they will always be able to speak with THEIR loan officer when they need to.

## 5. Don't disclose or misrepresent the loan costs!

When a mortgage broker engages in a loan agreement with you they MUST stipulate the cost of the loan. If that cost is different at closing, it is often because the situation has changed with you, but not always. Some brokers will leave the fees in a gray area then hike them at the last minute to pad their bottom line.

## 6. Bait and switch.

Often you will see advertisements for a really great interest rate. Usually that rate only applies to those with excellent credit and often it will be for a loan that doesn't fit your needs. The company will get you in, get them into the process, then spring the switch by saying, "Sorry we couldn't get you into that deal, but here is an alternative." Unfortunately that rate is never as good as the one that got you to call. We don't advertise rate because we don't know what you qualify for until we meet with you. Therefore, we will ALWAYS recommend the BEST LOAN at the LOWEST COST and RATE that you qualify for.

## 7. Don't disclose the cost details until the last minute when you have no other option.

Brokers will often withhold some key details about the loan, such as fees or qualifiers. This allows them to get you into the process and even into escrow where they are compelled to complete the deal as is or possibly lose the house. Since we NEVER charge "junk" fees and offer the lowest possible costs to you, we will ALWAYS discuss the FULL COST OF THE LOAN before you submit your application.

## 8. Don't disclose the closing cost.

At loan signing, your client is committed to the loan package. This is when brokers will often drop in unexpected fees that can really drive up the cost of the loan and pad their bottom line. Your clients should always compare the original "Good Faith Estimate" to the final loan papers and question any new fees or fees that may have changed.

## 9. No cost loans or no fee loans and how much they really cost you.

For most mortgage companies there is no such thing as a "No Cost Loan." The loan fees are almost always represented somewhere else, often in the interest rate. At AGM we will be happy to discuss the "No Fee" options. The difference is, we'll sit with you and evaluate your loan to see if "financing" the fees with a higher interest rate is what is best for you. If it's not, WE'LL TELL YOU! Mortgage companies often offer a variety of no cost loan options, what they won't do is show you how that loan is actually achieved. Either through a higher interest rate or by hiking the fees higher elsewhere in the loan, your client ultimately ends up paying for that "No Fee" loan.

## 10. Don't explain the loan origination agreement.

This document is required by law and details the cost and fees associated with the loan. Often it is either left out of the process or just glanced over at the time the application is taken. AGM Capital Mortgage feels this is the most important document you should see. It will always be completely reviewed with you before any other documents are signed.