

## **EDITORIAL: On-Line Mortgages**

### ***BUYER BEWARE***

The proliferation of on-line mortgage brokers, doesn't only mean that consumers have more choices ... it also means there are more pitfalls waiting for unsuspecting consumers.

#### **THE RACE FOR YOUR DOLLAR**

Consumers generally think of getting a loan, only as a means of getting money they don't have, in order to purchase something they want. They rarely think of it in terms of how much of their hard-earned money is going into someone else's pocket.

A single percentage point can mean literally, thousands of dollars spent needlessly ... all because consumers either don't know enough to ask the right questions, or are afraid to do so.

#### **MORTGAGE BROKERS**

The role of the mortgage broker is to help determine if you qualify for a loan, help resolve credit report problems, help find a lender, and . process the paperwork. They can offer valuable time savings when securing a loan. For that service they receive a fee.

Apparently, there must be a lot of money to be made in mortgage brokering (or at least some people think so). Why else would so many companies, who have no history in lending, suddenly go into the on-line mortgage business?

Remember, mortgage brokers do not check with every single lender out there. Each broker generally has a select group of lenders they deal with ... this is especially true with companies that offer "One Stop Shopping."

The interest rate you are quoted, may not be the lowest rate that is available to you. Don't be afraid to shop around.

#### **THE NEED TO QUESTION**

Lenders are required by law to complete certain forms that explain your loan. They understand every figure shown on these forms. By signing these documents, you are saying that you also understand them.

Do not sign anything you do not fully understand..

Consumers need to question every loan ... every dollar, every percentage point. Make sure what you see, means exactly what you think it does.

Do not assume anything. If the Quoted Rate is 7%, make sure you know if it is the actual Note Rate, or an Introductory Rate ... and get it in writing.

If you are quoted a higher rate than you thought you would get, make sure you ask why ... and that the answer you get is satisfactory. This is especially true if you are given a

"higher-than-prevailing interest rate" (noted by having to sign the RESPA Section 32 Notification form).

Honest mortgage brokers and lenders are more than willing to explain in detail, the forms you are signing, the terms of loan, and interest rates. Dishonest or questionable lenders will offer vague answers or excuses.

If a lender or mortgage broker tells you something like ...

"The government makes us fill out these forms, and those are the figures they told us to put there. We don't really know how they came up with them." ... or, "This is just required paperwork, it doesn't really apply to your loan ... sign here." - RUN, do not walk, out of their office.

#### WHAT TO EXPECT

A house is the single most expensive investment most people will ever make. You have a right to know whether you are paying more than you should.

The only way to determine that, is to learn all you can about mortgage financing ... and that means asking the right questions at the right time.