

## Choosing the Right Mortgage

Remember you would not buy the first house that was offered to you, so why go with the only mortgage that is offered to you. Ask for more than one good faith quotes. See what options different lenders will give you. Be sure to ask the lender to not pull your credit report, but to give you a good faith quote based on the paper credit report you will have brought to him.

Understand what your credit report says. And don't order your credit report online. Most people order their credit report on the internet, sometimes they even get their free report. What they don't realize is that by doing this, they worsen their credit history because when your credit score is pulled more than once, your score will lower. And it will be pulled more than once if you pull it and then the mortgage company pulls it again. Instead what you should do is order your credit report through the credit bureaus by calling their 1-800 numbers. Be careful, because they will try to tell you to obtain in on the internet, be patient, stay on the line and ask for a written copy. This copy will be your true credit report. This is what will actually be pulled up by the mortgage company.

Consider using a mortgage broker. Sure you will have to pay an additional fee, but in many instances that fee will be worth it when you get the right type of mortgage loan. A mortgage broker will help find you several loan options to choose from. You can then choose the option that best suits your needs.

When you go to a mortgage broker or a bank make sure that the bank or mortgage broker does not sell you a higher interest rate than what you qualify for. Many banks will pay a broker to sell his customer a higher mortgage rate. This is called Yield Spread Premium or YSP. So if you qualify for a 6% interest loan but your broker or bank is selling you a loan with an interest rate of 6.5% then the bank is making more money. Look for a line on your documents one that says YSP. If it is positive that means that you are not getting the lowest interest rate you qualify for.

### How do You Avoid This?

Be upfront with your broker or banker, and negotiate. If you negotiated the price of your home, you can definitely negotiate your mortgage. Every fee on the mortgage is negotiable. The only thing you cannot negotiate on are the taxes, the filing and the insurance fees. Before deciding, get a copy of your good faith estimate, take it home and start investigating all the fees the bank or broker is trying to collect. Explain to him, what you have found out. You will soon learn that he changes things pretty fast. When you use a broker tell him that you are willing to pay up to a half point in origination fees, but that you don't expect to pay an back end fees. He will understand what you are talking about.

Finally read your closing documents very carefully. In fact you should ask an attorney to be present. It is always better to be safer than sorry later. It is better to spend a few hundred dollars to consult an attorney now, and not find out later that you are spending thousands of dollars paying what you should not have to. Many brokers and banks feel somewhat uncomfortable and too time consuming. Generally speaking and in most cases the attorney does not find anything wrong with the closing arrangements. But you know the principles of Murphy's law. Something may go wrong if you don't do things the right way.

In this type of arrangement it is not wise to penny pinch. In fact be sure to always have a home inspection done. If you don't do things you will regret it. It is always best to have spent a few hundred dollars up front. But what you want to avoid is having something BIG go wrong halfway down the loan.

## About the Author

Jim Power is writer for the mortgage information site <http://www.mortgagesave.com> where there is more information to be found on mortgages. please visit <http://www.mortgagesave.com> for more information.

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