



Finding the Right Type of Lender: Part II

Part I of this series discussed and defined the different types of lenders in the industry. This section will discuss how you can choose the best lender for your needs.

Finding the best lender among all the many options can be a daunting task. There are many factors involved. You should first know what your priorities are. Do you want someone who will personally service your loan or do you want to find the lowest rate possible? How about specialty loan programs? After you have worked out the answers, then consider the following options.

Mortgage Bankers are known for being able to offer very competitive pricing and for putting together great first-time homebuyer loans. This is because they often work closely with state and federal government agencies. For this reason, mortgage bankers are frequently better at helping you with the ins and outs of FHA and VA loans. They can also often find several different financing options for varying borrower needs because they are generally large companies. You can find many mortgage bankers who service individual loans themselves, but some do not. If the company is too large, the service may also be too impersonal.

Mortgage Brokers are best at providing a loan that will perfectly fit your needs. This is because they work with many different wholesale lenders; if a specific loan package is rejected, they can put it together again and try selling it to another lender. Brokers are especially helpful to those with bad credit or down payment issues. One potential problem is that along with qualified broker loan officers, you'll probably also find plenty of selfish brokers whose greed will cost you.

Portfolio Lenders, Banks, and Savings & Loans Institutions are usually national establishments with familiar names you can trust. Since they have local branches, you will find these lenders typically service the loans they originate. This means you'll have a chance at more personable service. Plus if you do all of your banking as well as mortgage financing through one of these lenders, you might have extra leverage with them for better loan deals.

Whatever type of lender institution you choose, make sure you have full confidence in the loan officer you will be working with. This is the person who will be your advocate in the lending process. You need to feel that this person is trustworthy and will do her best to get you a quality loan. Asking friends and neighbors for their suggestions and referrals can generate some possibilities. Actually talking to several different loan officers before deciding on one could also make a big difference for you. A home purchase is likely the most substantial one you'll make, so take your time in deciding on the loan officer and institution that will help you make that purchase.