

5 Tips for Choosing a Mortgage Lender

Applying for a mortgage is easy. Finding the right mortgage lender? Not so much. Here are some tips for making sure it's smooth sailing when you're ready to apply for a loan.

1. Talk to your Realtor®. Before you even consider a mortgage loan, it's important you talk to your Realtor about your homebuying goals. Then, they can give you a list of lenders they know and trust. In addition, talk to trusted family members and friends who can refer you to a lender.

4. Talk to multiple lenders. Different lenders offer different products. Be sure to speak to several of them to make sure the product and cost are in line with what you need.

2. Get preapproved. Before you shop for homes, you must know what price range you can afford. That's where a preapproval comes in. A preapproval will give you an estimate of your costs and interest rate. They are non-binding, and you should get preapproved by a couple of lenders to compare. To note, a preapproval may reduce your credit score if it involves a hard inquiry on your credit report.

3. Identify preferred loan terms. Before you can choose the right mortgage lender, you need to know what you want in a loan. Are you looking for a 30-year or 15-year term? Do you want a fixed-rate or adjustable-rate mortgage? Will you qualify for a conventional loan; or will you need a jumbo mortgage? Once you know these details, you can quickly filter out the lenders that don't offer the mortgage products you want.

5. Compare both rates and fees. Homebuyers are often focused on interest rates, but fees can quickly add up. As you talk to lenders, ask whether they have application or origination fees. Sometimes, the advertised rate can also assume you are buying points, which can increase closing costs.

