

By ANNA CHANG-YEN | Green Shoot Media

The pressure that comes with borrowing tens or hundreds of thousands of dollars makes many potential homeowners understandably nervous.

On top of that prospect, it can be hard to know who to trust with the largest, most sensitive financial transaction to which you may ever be party.

You probably should settle on a lender before you ever go house shopping, so you can get pre-qualified and know your true price range. So where should you start with making such a large and important decision?

PERSONAL RECOMMENDATIONS

Word of mouth is a good bet. If you have friends or family members who have “a guy for that,” take their recommendation. It’s probably a good idea to trust those who are trusted by people you know and love. If you’re not lucky enough to come by a financial professional through the grapevine, there are other resources to help you find a good fit.

YOUR AGENT

Your agent or broker may give you a reference or two for mortgage lending. The agent’s reputation is on the line when it makes such recommendations, so this is probably a best bet. If multiple lenders are recommended, ask for more details. Is there a lender or broker who specializes in borrowers with credit challenges, or those buying commercial property? Does the agent have a personal favorite?

YOUR CREDIT UNION

If your employer has a credit union and you haven’t joined yet, now is definitely the time. If you’re already a credit union member, visit with a loan officer to see how their rates stack up. Credit



Finding a Lender

You should call and read online reviews of at least two to three mortgage lenders before making a decision.

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unions often offer attractive rates to members and may offer rate discounts if you have multiple loans, such as auto loans or credit card accounts.

DO YOUR HOMEWORK

You should interview at least two to three mortgage lenders before making a decision. Good, old-fashioned phone calls can help in your search. Call your local banks and ask questions about their loan programs. Read reviews on websites such as Angieslist.com and Lendingtree.com. Pay close attention to information about the lender’s ability to get loans closed (not just offer attractive rates) and how responsive lenders are to their customers’ needs. When you run into troubles in the lending process,

REAL ESTATE 101

Dealing with Credit Challenges

The Federal Trade Commission warns against assuming that you will only qualify for expensive loans because of past credit problems. “If your credit report contains negative information that is accurate, but there are good reasons for trusting you to repay a loan, be sure to explain your situation to the lender or broker,” the FTC writes on its website. “Ask how your past credit history affects the price of your loan and what you would need to do to get a better price. ... Shop around and negotiate the best deal you can.”

you want to be able to get in touch with someone quickly to get the problem resolved.

Often loans are bought from mortgage companies by loan servicers, so you may make your mortgage payment

to a company other than the one that provided the loan. Ask if the lender also will service your loan, and if so, do equal research about whether or not the bank’s current customers are happy with their service.



Finding a Lender

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HOMESWISE GLOSSARY

Deed of trust: in some states a document used in place of a mortgage; a type of security instrument in which the borrower conveys title to real property to a third party to be held in trust as security for the lender, with the provision that the trustee shall reconvey the title upon the payment of the debt, and conversely, will sell the land and pay the debt in the event of a default by the borrower.

SOURCE: Wisconsin Department of Financial Institutions

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