

# Selecting a Lender

By Bradley Heintz



## 5 Things to look for when Selecting a Lender

When you are looking to buy a home the first thing you should do after selecting a realtor is to select a lender. Finding a lender with a low rate is a good place to start but don't stop there. Your lender needs to do far more than offer a low rate. Your lender is a key figure in determining whether your offer gets accepted, whether your rate stays low throughout the transaction and whether your earnest money stays safe. So before you pick an anonymous lending call center claiming "lowest rates" have a look at how your lender will meet your needs.

**1 Would you prefer working with a person or a system?** Do you want to interact with a specific human or an anonymous call center? Can you pick up the phone and ask your lender "what do you need from me" or are you logging into a portal trying to interpret the bank's interface system and struggling to upload documents? Are you working around the lender or is the lender working around you?

My recommendation is to find a lender who is looking out for you and will facilitate uploading your documents and interpreting lender systems for you. Find someone you can call and text directly. Offers tend to happen at inopportune times. When you need to make an offer on a Saturday evening you want a lender who is available to provide a last minute prequalification letter and call the listing agent outside of regular business hours on your behalf.

Your lender and your agent should form a team. Your agent needs to know the timelines and limits of the lender to make your offer competitive and viable. Your agent should know what pre-approval research has been performed, how long the lender requires for an appraisal, how much in credits you can receive and how long to remove the loan contingency so that you are set up to succeed during the transaction.

**2. Find a lender who specializes in the type of loan you need.** You don't have to go with a big box lender to get a good rate. Better to find a specialist. Do you have a high credit score and are looking for a big loan? Are you trying to qualify to purchase your next home before selling your existing home? Start by finding a lender with programs that meet your situation. The good ones will tell you where they outcompete other lenders and will also tell you where they don't.

**3. Select a lender with a competitive rate who you like.** Do your homework up front on rate and fees then commit to your lender. It is hard to pin down the exact final costs early in your search.

Rates fluctuate with the market sometimes daily. They change depending on your down payment and your choice of lender credits at closing. Pick a lender who will work to keep your rate low. Some are able to match other offers on your behalf so you don't need to worry about minor changes in rates. The best will monitor rates and proactively contact you before rates rise to lock your rate while rates are low. Try not to nickel and dime your lender to death because for minor differences in cost, your lender can make or break your deal.

**4. Select a lender who will help get your offer accepted.** This is a big one. Your lender will be selling the listing agent and seller on your financial strength. Pick someone who does their homework, documents your qualifications and communicates timely and well. You can have the best rate in the world and never get an offer accepted.

As a listing agent I can't tell you the number of times I've had offers from a nice buyer with a "great rate" that was rejected because the buyer had a weak pre-qualification from an impersonal lender who didn't bother to contact me as the listing agent to speak about the qualification of their buyer and didn't vet their buyer before offering to lend. Imagine being a listing agent trying to find the best buyer and having to choose between a proactive lender who makes a call and a buyer whose lender requires the listing agent to figure a way through an impersonal phone hold systems. Which would you choose?

A seller won't accept your offer and take their home off the market for your 17 days inspection period if they don't have confidence in your lender. Your lender should run your credit, verify income, assets and proof of funds and provide a strong pre-approval letter not a weak pre-qualification letter. Your lender should be available anytime to proactively contact the listing agent anytime you make an offer.

**5. Pick a lender who will protect your earnest money**

There is a 9 day period during escrow when you have removed your loan contingency but have not closed on the property. Your earnest money is committed to the seller and you are betting on your lender to follow through with funding your loan.

During this time you don't want to be at the mercy of a call center routing program to a generic agent at a big box lender. You need to know for certain that your loan officer will get your loan funded. This is where your personal relationship with your lender to complete the deal and protect your \$30,000 of earnest money deposit really puts the \$99 gift card being offered by the big box lender into perspective.

A good lender does far more than get you the best rate. They communicate with you as a human being. They get your offer accepted and come to your rescue at inopportune times. They make sure the purchase happens on time and they protect your earnest money in the process.