

# The Community VOICE

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## Mortgage shopping for competitive rates? Here's how to do it right!



By Scott Sheldon September 22, 2011 11:29 am

Mortgage rates and the financial markets move all day long. On any given day, you can expect that mortgage rates have the ability to change several times. It is because of this when you are shopping for a home loan, you should compare a few different lenders looking at a combination of rates and costs.

Mortgage bond prices similar to stock prices are random and they can change very frequently. Unfortunately, the movement of mortgage bonds cannot be predicted with a crystal ball. They literally can change every few minutes and because of this, timing the market is the luck of the draw – pure and simple.

When mortgage bonds move in any direction, mortgage rates automatically follow suit. This means, interest rates change on everything from FHA loans to standard 30-year Conforming loans. Mortgage rates are constantly moving. For example, in the last 30 days mortgage rates changed literally every few hours every single day.

That's very fast.

This phenomenon makes the challenge of mortgage shopping difficult for people looking to obtain the lowest mortgage rates available. The reason for this is because it could take several hours to actually do your mortgage shopping (moreover to actually do it correctly).

So if you are mortgage shopping for competitive rates be prepared to compare real rates.

The reality of it is you are only going to be able to get "so low," meaning at some point, sheer luck is going to come into the equation. So shopping mortgage rates is a good idea.

On any given day, no one has the inside scoop on which bank has the lowest rates, lowest fees, or the widest product offering available. You just don't know. You have to effectively compare rates and costs to determine the lowest possible home loan.

While you're doing your shopping for competitive mortgage rates, remember mortgage bonds are still in flux.

You could be shopping for a home loan right while rates are rising.

Since September 2010, there have been several days when mortgage interest rates rose .25 percent. There have also been lots of days where rates have fallen by that much as well. Just be mindful of the fact mortgage rates do the following:

- Some days mortgage rates rise
- Some days mortgage rates drop
- Some days mortgage rates do nothing at all

Every once in a while, there even are days when rates do all three. Fun, eh?

At the end of the day, you are always going to be at the mercy of the market. This is a fact.

As the market moves, you as the consumer pull a rate out of the marketplace and lock it in with the help of a good mortgage lender.

Want to begin shopping for competitive mortgage rates?

Since no one has a crystal ball for shopping home loan rates, you can at least shop for accurate information.

Connect with different loan officers before actually locking in your mortgage interest rate. You will want to gather as much information as you possibly can about your finances, your house or houses, each individual lender's loan process, and economic movers and shakers influencing mortgage rates.

After speaking with a few of these loan officers, you will get a sense of two things. First, you will get a close estimate of what your closing costs and rates will be. This is important for comparison's sake, to compare the hard numbers. You need to know which lender is consistently in the game, and which lenders aren't. This can only be done by performing research.

Second, you will get a pretty good feel for the loan officers you have spoken to. Who's a professional loan officer,

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who is not and who takes days to return a telephone call.

Then when it is time to lock in your mortgage interest rate, you will not have to mess around with the shopping process. You will already have your "A-Team" lenders lined up and you can simply choose the one that gives you the best combination of rates and fees at that time.

When you actually shop for mortgage rates, do it right, give your lender permission to pull your credit report. Your lenders need to know that stuff and contrary to popular belief, it will not adversely affect your credit score. You'll save yourself a lot of time, too.

OK, now you're doing your competitive mortgage shopping, getting some mortgage rate quotes.

If you are in the market for a mortgage, or think you might be down the road, start your shopping now. Get your A-Team lenders lined up and get a rate quote based on your parameters.

Yes, get quotes with some other lenders, too.

Here's a mortgage tip: do a decent amount of research to pick a good lender, then decide who has the best combination of rates and fees. There's never a guarantee with rates, but with the right information, you can be well on your way to successfully completing your mortgage shopping for the most competitive rates available.

Scott Sheldon is a local lender who helps with refinancing. Read more at [www.sonomacountymortgages.com/2011/06/02/still-refinance/#ixzz1SbFRSopJ](http://www.sonomacountymortgages.com/2011/06/02/still-refinance/#ixzz1SbFRSopJ)

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