

What to do when you're shopped?

Scenario:

You have just applied for a loan with a loan officer, and shared all your financial info with them. You may have already given over the initial paperwork to get the job started, or you might have just spoke on the phone. Roughly, your loan officer has told you rate, terms, costs, and such. All seems fine, until you come across loan officer number 2.....

Example:

Hello Mr. Borrower, my name is Loan officer number 2, and I understand you are working with loan officer number 1. I can tell you for sure, I can beat his rate, and I won't charge you all those fees. Does saving money and fees sound good to you? If so, why don't you come to my office and we can work together.....

What just happened??

You have just experienced what we call in the industry as "Shopping". You were just shopped. This is when one loan officer tries to take a client from another loan officer by enticing them with a better deal. It is the old adage of the grass is always greener on the other side of the fence.

My goal always is to see my client happy, satisfied, and knowledgeable at the end of the loan process. So what should you do if and when you're shopped by another loan officer? Let's first look at a couple of specifics about this situation.

Fact:

- We have spent quite a bit of time together during this loan search process
- I have collected financial data, credit, employment history, etc
- I have done a credit prequalification for you already
- We have already discussed what you want out of your loan
- We have already established what I will get paid
- We have already gone over the process and what will happen and when
- We have already established our working relationship and our trust
- I want you as a long term client, not a one time loan!
- I have provided you with a Good Faith Estimate showing all specifics of your loan, in writing, up front

So after we have established this relationship, and were ready to move into the actual loan process, along comes loan officer number 2, and he is ready to take your business from me. Should you follow his offer? I would say No, and here is why:

- His major motivating factor is money (commission)
- They have not gone through everything I have in order to make an educated offer or estimate of costs, rates, fees
- They are not helping you because of you and your situation, they are helping you because they see you as a quick paycheck
- 95% of the time, they will not be willing to give you a
 - Good faith estimate in writing
 - Guarantee of your satisfaction
 - Option on how your fees are paid and what your rate will be

What should you do?

Here are some tips you can use to help you when you are shopped for your loan. Be upfront with this person, and ask them these specific questions:

- Will you send me a good faith estimate?
- What Yield Spread Premium are you getting paid from the lender
- What points are you charging me both up front and at closing
- What is the par interest rate compared to the rate you are charging me
- What hits or rebates are you using to get the rate you quote me
- Why do you want my loan and why should I change from John to you
- What loan program did you quote me and why did you pick that program
- What lender are you using and why did you choose them for me

The answers to these questions and how they choose to answer them will give you a good feeling as to why this person is after your business. Because of my loan process, you should already know the answer to these questions before you would have to experience shopping from another lender. These are the “*tricks of the trade*” that most loan officers don’t want you to know. If you didn’t know these things, you could be charged as much as 6 points on your loan and not even know it.

One last thought on shopping. If you experience a shopper, and the deal they offer you is much better than the one we discussed, please do me the professional courtesy of allowing me to look over the deal and match their offer. I can't imagine how I would have misread your lending situation so poorly that another person could offer you a substantially better deal, but if that did happen, and I completely missed the mark, please give me the chance to make it right. I'll always land on the side of the fence that benefits you, not me.

I want to earn your business, both with great loan products and services, and by trust. If I don't have your trust in this process, I'm not doing my job correctly. When I say I want your future business, I mean it. And I'm willing to be as fair and transparent as possible to see that happen.

Thank you for the opportunity to be your loan officer, please feel free to call me or drop into my office at any time.

Regards,

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