

Hints for Homebuyers

from the Federal Reserve Board

Tips For Choosing A Mortgage

(NAPSA)—Doing a little homework before choosing a mortgage could help save homebuyers plenty of cash. Still, many consumers accept the first loan they're offered, often not realizing they may be able to get a better deal.

On any given day, lenders and brokers might offer different interest rates and fees to different consumers for the same loan. In fact, neither lenders nor brokers are required to find the best or most affordable loan for you. According to the Federal Reserve Board, the best way to avoid overpaying for a mortgage is to shop around. The Fed offers these tips:

- **Know What You Can Afford**—Review your monthly spending plan to estimate what you can afford to pay for a home. Be sure to include mortgage, property taxes, insurance, monthly maintenance and utility costs in your calculation. It's also important to check your credit report to ensure all the information it contains is accurate. A higher credit score might help you get a lower interest rate on your mortgage.

- **Know the Benefits and Risks**—Mortgages have many features. Some have fixed interest rates and some have adjustable rates. Still others have payment adjustments or allow you to only pay the interest on the loan for a period of time before you pay against the loan amount. There are also certain loans that charge penalties if you pay them off early and some that have a large payment due at the end of the loan. A mortgage shopping



Experts say it's important to shop around before choosing a mortgage.

worksheet can help you identify the features of different loans. You can find a sample of one at www.federalreserve.gov/pubs/mortgage/worksheet.pdf.

- **Know Your Options**—You can get a loan from a mortgage lender or a mortgage broker. Brokers arrange mortgage loans with a lender, rather than lend money directly. Be sure to shop around for the best deals.

- **Get Advice You Can Trust**—A mortgage loan is one of the most complex and expensive financial commitments many people ever assume. It's OK to ask for help. Talk with a trusted housing counselor or a real estate attorney who you hire to review your documents before you sign them.

For more information in Spanish or English, visit www.federalreserve.gov/consumerinfo or call Federal Reserve Consumer Help at 888-851-1920 (Phone), 877-766-8533 (TTY).