

Why Your Lender Matters

Why Your Lender Matters



Who you select as your lender matters.

This is such an important point to make to first time buyers, and even sometimes repeat buyers who by chance had a positive or smooth transaction their first time around and are lulled into thinking that any lender can perform just as well as their first one. These days one of the most important qualities in a lender is **timeliness**. It may not seem very important to you at the outset, but that issue will loom large as you approach closing. How can being late or slow affect your transaction? **It can add to stress, it can cost you money, and in this market it can mean you don't get the house.** Buying a home is stressful and getting a loan is stressful. But working with an inexperienced lender, or a broken bureaucratic system, can take that stress to another level.

How can it cost you money? Well, if you are looking for your first home in **Santa Maria or Orcutt CA**, chances are you will be considering a foreclosure or short sale property. It is pretty standard for bank owned sellers to write a "per diem" charge into their contracts. So, closing late could have the potential consequence of a \$50 - \$150 per day late fee. And of course, if you've given notice to your landlord, you could have to pay additional rent, or have to vacate early and stay at a hotel, or pay for storage, and/or move your belongings twice. Also, if your file doesn't close on time your rate lock may expire and your lender may charge YOU to extend it, or that rate may just not be available anymore. If you are buying a short sale, per diem charges could also apply, or if you are up against a foreclosure auction date and you fail to close, the property could be sold, and then all of the time, effort and money expended on the appraisal, inspections, and moving preparations will be lost. **All of these are pretty costly scenarios.** Not to mention the stress of not knowing exactly when or if you will close.

An eighth of a percent (.125) lower rate, discounted processing fees, or a free

appraisal can look good until you are up against a deadline with a lender who can't deliver on time. One particular lender I've dealt with tends to underbid other lenders, but I think they have to because they have such bad word of mouth among real estate agents for being slow and/or late. But, it is difficult for first time buyers to see how quickly that eighth of a percent can become unimportant. Each time I have had a client use that lender, they have regretted it immensely and said it wasn't worth the savings they initially perceived. **The tardiness ended up costing them money AND stress.** It is important to know that even though the lending environment is difficult, not every lender will put you through this kind of experience.

It is important to choose well.

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49 Comments on Why Your Lender Matters

MAR
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Tni....you get the suggest from me. Also, the inverse is true. If you were to have the opposite occur, and choose a bad lender, then you could really do a lot of damage to your name! Great on all counts here!.....Have I mentioned "suggest.?"

Larry Bettag - Cherry Creek Mortgage

4:37pm • [#1](#)



Tni - as usual, your post is filled with excellent information that even a "layman" can understand! I suggested as well because so many will benefit from reading your post!

Kristine Ginsberg (Morris County, NJ: Elite Staging and Redesign, LLC)

5:23pm • [#2](#)



TniLeBlanc, I had to hurry up and post so I wouldn't have to read all the comments before I posted because you are dead on and I'm suggestibg as well. A good organized and efficient lender can be all the difference . T

Joe Kenny (Coldwell Banker Residential Brokerage)

6:24pm • [#3](#)



Tni --- imagine --- if everyone did what they said, wouldn't the world be a better place? Lenders(or anyone for that matter) who promise the moon but fail to deliver can cause the very unfortunate issues you outlined so well on this post. Reliability and the "doing what you say" is so critical when dealing with a real estate purchase and not worth risking losing the house and/or your earnest money deposit.

Michael Jacobs (Coldwell Banker Residential Real Estate)

6:34pm • [#4](#)



Tni - While I have not experienced these issues yet, it sure can happen



when folks pick lenders who have a reputation that you described. I guess I have been pretty lucky so far with my recommendation.

Petra Norris - Lakeland Florida Realtor@ Lakeland Florida Homes, and more.... (CDV TransAtlantic, Inc.)

6:46pm • #5



This cannot be said often enough. I've blogged about this before but you said it better. Suggested as well.

Christine Smith, Canton MA Buyer Agent & Attorney, 781.799.8313 (Buyers Brokers Only LLC - www.BuyersBrokersOnly.com)

6:47pm • #6



All great points. Too many borrowers search for that elusive lowest interest rate of closing costs rather than competency.

Rodney Mason - FHA 203K / REO / USDA /VA HomePath Specialist - Georgia / Alabama (Prospect Mortgage, Atlanta, GA)

7:10pm • #7



Tni, Those late fees are reason enough in this market to go with a reputable lender that YOU recommend! If it's not done on time, there are major consequences and many buyers fall prey to lenders who say they can do it and are ALWAYS late. Great post!

Debe Maxwell - Search Charlotte Homes for Sale - Charlotte NC Neighborhoods (Helen Adams Realty)

7:52pm • #8



Hi Tni - The lender matters because of how they approach different types of properties and the appraisers that they use.

Webster, Ma Conrad Allen, Realtor (Re/Max Professional Associates)

9:02pm • #9



Hi Tni, This is such great info and so spot on. I haven't dealt with these issues, but I have worked with a lender who was unresponsive and that you could hardly get in touch with as critical times. Without a good solid lender, many issues can come up as you say and it can cost the buyer more in the long run. Great post!

Cindy Westfall ABR,GRI (Prudential NW Properties, Portland Metro & Suburbs, Oregon)

9:32pm • #10

Thanks for the suggest **Larry!** Very true, I only recommend lenders that I feel confident can deliver. When it's a time sensitive transaction, I have a very long consultation with the buyer.



Thank you **Kristine!** I appreciate reading that. Thanks for the suggest.

JoeKenny! Thank you for the suggest - glad you liked the blog!

Michael Jacobs - Very true! There is so much at risk. A lender's track record is so important.

Petra - Yes, I always warn my clients and give my opinion. With the lender I mentioned in my post, each of my clients told me they wished they took my advice.

Tni LeBlanc REALTOR® Santa Maria Homes Central Coast

10:53pm • [#11](#)



Tni, what a great post and suggested. It's great info for anyone in the market for a loan. So many hidden issues to be aware of when shopping for a lender.

Lora "Leah" Stern, Realtor Suffern, Rockland County NY (Coldwell Banker Residential Brokerage)

10:54pm • [#12](#)

Thanks **Christine!** I appreciate the suggest. I agree it is an important topic.

Rodney - Yes, competency is key and when you see very little variation in the rate I believe going with someone who is proven is always the best course of action.



Debe - Yes, I hate to see buyers come back with some unknown lender who makes big promises. Or some lender who HAS to make big promises to get business.

Conrad - Very true.

Cindy - Very true and a bad lender can cost you more in the long run. Buying a home is serious business and the decisions matter.

Leah - Yes, there are so many issues. Thank you for the suggest!

Tni LeBlanc REALTOR® Santa Maria Homes Central Coast

11:09pm • [#13](#)



Tni - I agree - "so important to choose well". I know buyers are many times are lured into interest rate quotes, but in my mind communication, and as you mentioned, timeliness is extremely important as well! Great post!

DeeDee Riley El Dorado Hills Realtor (916)225-2719 (Lyon Real Estate - El Dorado Hills CA)

11:09pm • [#14](#)





The lender that does a disappearing act is one of the biggest nightmares an agent can deal with. I tell my buyers what they need to do but every once in a while they insist on going their own way. Oh.....broooooother. This can be very costly and frustrating and it can kill transactions.

Ruthmarie Hicks (Keller Williams Realty)

11:45pm • [#15](#)



Tni - Great points and so true. I don't know what other AR

 MLO/lenders are experiencing but I seem to be getting more and
 more of these calls these days than I ever have. You know, the ones where some buyer contacts me because they're in escrow, their closing date is days away and their lender is totally screwing up the whole transaction - you know those buyers?


Anyway, I'm not going to sit here and babble on about how buyers can avoid just such a scenario (you've inspired me) but if I could offer just one bit of advice to buyers it is to stay away from the big, national, retail banks. Their unlicensed bank clerks are infamous for over-promising and under-delivering.

Donne Knudsen NMLS#249822, DRE#01364050 Cobalt Financial Corp. (Los Angeles & Ventura Counties in CA)

11:52pm • [#16](#)

MAR





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 Recommending local lenders has been a key part of my service. So far, they have performed well and saved my clients time and money. Thanks for this important info.

Paul Caloca (The Papas Group (DRE #01766524))

3:44am • [#17](#)

DeeDee - Yes, very true communication is key. If they can't close the loan, you won't get that rate anyway. A reliable lender is worth their weight in gold.









 **Ruthmarie**- I know we do our best to give them the benefit of our advice but nonetheless sometimes people insist on doing their own thing. And when you know they are making a mistake it can be like watching a train wreck.

 **Donne** - You know many times brokers can put together a loan faster for a big lender than a big lender can for themselves - you are so right. It tends to turn on communication with the decision maker/underwriter.

Paul - I too recommend local lenders to my clients. Accountability is key.



Tni LeBlanc REALTOR® Santa Maria Homes Central Coast


7:26am • [#18](#)





 Lenders can make a transaction smooth as silk or like trying to drive through land mines. Local equals accountability, which equals success. If a buyer isn't working with a local lender, they should.

Chris Ann Cleland, Associate Broker (Long & Foster REALTORS®, Gainesville, VA)

2:12pm • [#19](#)


 Hi **Chris Ann**! I love the new picture! You look great! I agree, the lender can make it smooth as silk or a crazy ride. I also recommend

 local lenders -- more accountability.



Tni LeBlanc REALTOR® Santa Maria Homes Central Coast

2:41pm • [#20](#)

Hi Tni -- Beyond well said. Same holds true for every allied service provider involved in a real estate transaction. That old saying: ***The***



chain is only as strong as the weakest link

really applies to real estate as there are so many providers involved, including us as agents.

Chris Olsen Broker Owner Cleveland Ohio Real Estate (Olsen Ziegler Realty)

2:49pm • [#21](#)



I have a lender who I prefer working with. I always get a little nervous when I'm dealing with an unknown lender. Buyers don't always understand the importance in having the right lender.

Tammie White Realtor® Franklin TN Homes For Sale (Keller Williams Realty)

2:58pm • [#22](#)



I cringe when someone wants to go with someone I've never worked with. Sometimes, it's all good. Other times, I have to cringe the entire transaction.

Carla Muss-Jacobs Principal Broker/Owner EBA Portland LLC | 503.810.7192 | (Exclusive Buyers' Agent for the Portland Metro Area)

3:09pm • [#23](#)

Amen... Tni! I know you have been through late closings and it is extremely stressful for all parties involved. I'm glad you posted this topic. I hope lender will read it and realize that it's a big deal not closing on time. Great post, as usual.:)

Traci Ferguson (San Luis Obispo Realtor & ecoBroker with Patterson Realty)

3:09pm • [#24](#)

Tni, the "principle" of offering a lower rate quickly can be undone. Many of us and our clients have experienced similar frustrations. I understand the wisdom of not naming the lender, but I dig the blog no less.

Brian L. Sirota, Esq., Broker/Attorney, BriStar Realty, Orange, CA


BriSTAR REALTY

3:51pm • [#25](#)

Concise and to the point. Choosing a lender is so important to all parties and agents involved in the deal. I find that the lender that communicates best is often also the lender that delivers as promised and on time.

Christian Bastian (Prudential Douglas Elliman Real Estate)

3:58pm • [#26](#)

 Great article on why timeliness is important when choosing a lender. I have a lender who can close in ten business days. If it is a foreclosure

property that speedy lender means nothing though.....because the Bank's title company or law firm rarely closes on time!

Thomas Staples (Charles Rutenberg Realty)

4:18pm • [#27](#)

Tni - OMG don't even get me started! I HATE those deals. Had one where the lender told a partner "Wrap this up for me, it's a slam-dunk" then left town and became unavailable. It wasn't, huge stress ensued for my young first-timer buyers, and me by extension, and it ended up costing me not only an assortment of gray hairs but a chunk of my commission to make things right so the deal could close. Of course I have grateful clients-for-life, lol! But it is so not worth the wear and tear.

Linda Humphrey, M.D., Broker/Owner HHC Realty (Humphrey Home Connections Realty, Reno, Nevada)

4:20pm • [#28](#)

Tni - great points. Sometimes the money savings is not as important as the stress savings.

Mark Montross (Catamount Realty Group)

5:09pm • [#29](#)

You are right on with this. We offer Closing Guarantees on our purchase transactions. You can contact me on my cell phone (503)810-1119 with more details.

The common denominator that I see whether loans close on time is either:

- (1) working with a lender that is stable, has strong capital, and has quite a bit of processing and administrative support AND/OR
- (2) working with a loan officer that knows what he or she is doing.

Those elements are far more important than 1/8 of a point or \$500 less in fees.

Great post!!!

Paul Thompson (Wells Fargo Home Mortgage)

5:17pm • [#30](#)

Great post Tni! The five minutes that the buyer gets to brag about their "lowest rate available" will come back to haunt them ten times over if the lender cannot deliver.

Kevin Kueneke (Primary Residential Mortgage, Inc. Carlsbad CA Mortgage)

5:23pm • [#31](#)

I love how you break this down! Experience matters and will pay for itself in the long run.

Torgie Madison (Quicksilver Real Estate Solutions, LLC)

5:48pm • [#32](#)

Well said! These are points I have to make every time i do a pre-qualification. Not too long ago, within my inaugural consultation with my customer i would get the feeling they felt I was doing more selling to earn their business then advising them on the realities of the current market. Now they listen with very strong ears and competitive rates are usually spoken about toward the tail end of our initial conversation after underwriting turn times and a quick close have been addressed. Great points and definitely quality content for any Realtors providing guidance to their clientele about choosing a mortgage professionals and a smooth transaction!

Kevin Reiser

5:50pm • [#33](#)

Tni: Thanks for pointing out the obvious. Of course we as lenders all think we're the best. Truth be told there are many great ones out there.



We're all hopeful our client won't fall for those slick pitches about



lower rate, etc. We all get our money from the same place and ultimately it's about getting the deal done as you so eloquently point out. Thanks for your post. It resonates!

Paul McFadden Mortgage Loan Officer Bellevue Washington Home Loans (The Legacy Group)

6:40pm • [#34](#)

Tni, of all the people involved in the transaction, the lender is the most critical entity. Some brokers teach their Realtors to shy away from recommending a lender nor they suggest that a realtor should recommend more than one. As long as the realtor is not getting a kickback, I think it's OK to recommend a lender who has proven to be reliable. We all know it's not always about the lowest rate. There is always someone out there who is HUNGRIER and will cut the rates to get the business. Would you go to Doctor or Lawyer who does that? And by the way, loan officer compensation is changing drastically in April and we are all going to see some amazing things happening!!

William Haddad

8:42pm • [#35](#)



Great post, Tni! I like to work with lenders I know do a great job and



care about the clients as much as I do--not faceless people who act like the clients are just another number.

Pam Miller/Broker (TEXAS UNITED BROKERS REALTY)

9:18pm • [#36](#)

Tni very good points. Sometimes all a client will see is the lower costs with Lender A which in the long run may not be the "least expensive" option. \$50-150 per day sure can get expensive very quickly.



Roy Paeth FHA USDA and Homepath Mortgage Loans Illinois NMLS 225032 (Open Mortgage LLC #2975)

10:05pm • [#37](#)



Chris- Very true everyone needs to do their part.



Tammie - I know we try and we try to tell them but they don't

★ always get it.

Carla - I know, and some transactions you just can't afford to take any chances. It all depends on the transaction.

Thanks **Traci**! Yes, late closings are a BIG deal to buyers. It costs money!

Yes **Brian** - we have all been through that. I have seen a small incentive evaporate quickly before a buyer's eyes.

Christian - I agree. Communicate and get it done.

Thomas- So true, REOs can be slow too. In CA though buyer's can elect to use their own title/escrow though so at least we have that.

Linda - Yes the wear and tear can be immense. I much prefer a smooth landing for my buyers. It is not worth the stress and it doesn't have to be that way.

Tni LeBlanc REALTOR® Santa Maria Homes Central Coast


10:09pm • [#38](#)

Mark - Very true. And the money savings can be eaten up so quickly if things are late.

Paul - I agree and that is a great guarantee! I would love that!

Kevin - For sure!

Thanks **Torgie** - It's true experience matters.

 **Kevin**- Yes I have gotten more aggressive and more involved in my buyer's decision making. I have to -- it is one of the most important decisions they are going to make.

★ Thanks **Paul** - it's true it's about getting the job done!

William - So true. I used to try to get too involved with who the lender was. But if I see my client headed for a train wreck -- I do try to help them avoid it.

Pam - I agree. Service matters.



Roy - Very true those extra costs can add up.

Tni LeBlanc REALTOR® Santa Maria Homes Central Coast

10:18pm • [#39](#)

MAR


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100% true. I learned early on the importance of setting up a closing team and began expressing that to clients. Once in a while they don't listen and inevitably becomes a problem. I typically suggest three  specific MLO's at three different banks. For each of those MLO's, a  have specific attorney in mind because those two do business together regularly. This way, the client can shop rates and personality types but no matter who they choose we can work with a closing team that we have experience with and confidence in.

Akerly Real Estate Team

10:09am • [#40](#)






Thanks TNI!

So True, I get a-lot of transfer files, mostly from Realtors who  weren't that involved up front or did the 3 Card thing. Now they want saved!

I wish they would have read your post to begin with!

Ben Yost (Castle & Cooke Mortgage)

10:11am • [#41](#)

  Tni, so important on who the lender is & that is on my punch list of  must haves when i sit down with new buyers...It is so important to  have one who knows their stuff & can deliver..great post! 



Ginny L Gorman North Kingstown RI Expert (401)529.7849 www.RIHouseHunt.com (Phillips Post Road Realty- Waterfront & ocean front homes)

10:25am • [#42](#)

Tni, This is why you need to work with lenders who provide your clients with a true, "Raving Fan" experience by underpromising and overdelivering. Being in Mortgage Banking and working for a large bank, I found that this premise works best over time. As much as pressure is place on many of us in the lending industry by our Realtor partners, I found most of my partners appreciate honesty and integrity, and find themselves quitting this nonsense of the three cards and throwing their livelihood to the wind, or gamble on an unknown lender. I find this most often with Agents who have an in-house lender and pressure is place on them by their managers. If that in house person is good, use them. Otherwise, YOUR BUSINESS will suffer when your client's refuse to send you referrals, even if you did everything you were suppose to, but someone in that pipeline failed to deliver. Doing this for over 22 years, I've seen it all.

Rick Cyngier

11:11am • [#43](#)

 Good post. Lenders do matter. However, as a former lender, now a  Realtor, I know people call around and shop for lowest rate, without

taking into consideration other things...

There is a dialog exchange between Ray Charles and the owner of ATCO records, from the movie "Ray" which nails it:

Ray Charles: What if I want to go to another company? There's a guy out there right now that's willing to pay me seven cents a record. Can you do that?

Ahmet Ertegun: Man, I could promise you fifteen cents a record but you won't get it. Anymore than he'll pay you seven. What I will do is promise you five cents a record and pay you five cents a record. You think pennies, Mr. Charles, you get pennies. You think dollars, you get dollars.

Gary Frimann (Eagle Ridge Realty/Signature Homes & Estates)

11:28am • [#44](#)



This really can't be stressed enough in any market. As soon as it's crunch time & the lender can't deliver it's going to cost the buyer in one way or another.

Lyn Sims - Schaumburg Homes (Schaumburg Homes and the Northwest Suburbs - RE/MAX Suburban)

11:44am • [#45](#)

AGREE!! AGREE!! AGREE!! Getting a client to understand the importance of choosing their lender wisely is top on my list of to-do's. It can affect them in so many ways from someone really looking out for their best interest, rate and closing on time. Buying a home is already stressful, why not take one of the stressors out of the scenario.

Monica Atherton (Keller Williams Realty)

11:54am • [#46](#)

You hit on some very good reasons to choose wisely! It is difficult for borrowers to choose a lender because it is not about the rate, yet



that is what they seem to focus on. I have a practice of telling potential borrowers they will not see a real difference in interest rate from lender to lender perhaps; what they will see is how it is explained or differences in other costs and service.

D A Griffin Financial.LLC

12:33pm • [#47](#)



Hi Tni Another well laid out post. A good lender is so important to a smooth transaction.....Brad

Brad Hornshaw Realtor, Listing Agent, Buyers Agent, Investments (Brad Hornshaw Realtor Lynnwood, Bothell, Everett)

1:31pm • [#48](#)

Great post ~ the Lender can be crucial to the Buyer's offer even being accepted, after which we want to see a closing... I have to admit that I also cringe when someone wants to go with a lender that I have not worked with...

Gwen Kelly (Broadmoor Realty, Inc)