

## CHOOSING THE RIGHT MORTGAGE ADVICE

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We open our daily newspapers and read about this company going bust, that company laying off staff, another development going phut, or the housing market in the doldrums. Then you turn to the Business Pages to look at your share prices and wonder when they will recover. This is enough to bring out the Christmas Grinch and spoil everyone's fun!

It seems that it is more important in these testing times to listen to the right people when choosing 'financial advisers'. More importantly don't forget your own 'gut' instincts, given that you have the right information to act on.

Let's look at the area of Credit Management and more particularly the Mortgage or Finance Broking industry. How should you choose an advisor or broker, and why should you go down that track rather than straight to a Bank?

***"Your broker should find the loan that best suits your needs, not the other way around."***

Brokers have access to a wider range of products through the lenders that they are accredited with. Choice of lenders and products is only a part of what you should expect to receive from a broker advisor. A good one will liaise with your solicitor, and check that documents are despatched correctly by the lender to the solicitor. They will be able to advise you on how long to fix for to gain optimal benefit from interest rate movements. Like a bank, they want you to be clients for life in return for ongoing quality advice and help. A good broker will discuss your plan of attack to eliminate debt effectively and your future plans as to investment or asset accumulation. Many of the more experienced brokers will offer a Credit Management Plan, putting in place loan structures to support this. Many brokers now can wrap up your mortgage, life insurance and house insurance into a very cost effective package, designed to beat the banks. They may also be able to offer effective, computerised budgeting programmes to help you achieve your goals sooner.

At the very least, a mortgage broker should find a home loan that's right for you, as the borrower, in relation to what you want as a borrower. Even more basic, they should be able to answer a few simple questions from borrowers before you fully commit to taking out a home loan. Your broker/advisor should find the loan that best suits your needs, not the other way around.

### **15 Questions to ask Your Broker**

1. How long have you been in the industry?
2. How many lenders can you deal with?
3. Who do you deal with mostly and why?
4. Is there a fee for your services?
5. Have you got proof of an industry association? ie Are you a member of the New Zealand Mortgage Brokers Association or Professional Advisors Association?
6. Do you have a strategy for the current interest rate outlook?

7. What are the establishment fees, legal fees, valuation fees and any ongoing fees?  
What other fees are there?
8. What is your customer service promise?
9. What can you provide that other brokers and lenders can't?
10. How does your service work?
11. How do I know you're going to look after my interests?
12. How will you look after me during and after the process of getting the loan?
13. What happens if the bank or lender makes a mistake with my loan?
14. Do you have any testimonials?
15. Do you have any industry qualifications or training?

Currently most brokers arrange housing loans free to consumers as they are paid a commission by the lenders. However, some may also arrange personal loans, commercial or housing loans requiring more time input and expertise, in which case a fee may be charged. You have a right to know this up front.

Note that if a broker secures a loan for you that adheres to all your stated requirements and you decide not to go ahead with it, you may have to pay the broker a fee. That's fair, as would you go to work for half a day for no pay?

The criteria of independence, integrity and reliability are the most important. Follow your instincts. A broker won't survive long in the industry if his or her reputation and past performance weren't up to standard.

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