

How do you find a good Mortgage Broker?

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There are some great mortgage brokers in the huge chains, and there are also some great ones in the tiny operations. There is no general rule about where the good ones are. It all comes down to the integrity, honesty and professionalism of each individual operator. The best way to find a good mortgage broker is to ask friends and family. A good mortgage broker can help you put into action for saving tens of thousands of dollars and cutting years off your mortgage. A good broker will be able to guide you through the process of taking out a mortgage and give you tips on how to manage your debts. They will also chase the paperwork and liaise with the lender so that you don't have to sit in phone queues.

Good Mortgage brokers can also provide better service than the local bank branch because lending is no longer handled at the bank. All the paperwork and processing is done in huge centralised 'service' centres. As mortgage brokers handle lots of loans all the time from a range of lenders, they usually have some bargaining power to get better deals for their clients.

We've seen how you can save a lot of money by using extra cash to increase repayments or make lump-sum payments. But your particular loan might not allow you to do this. Also, it's highly likely that you don't have the best deal available. Your current lender is not going to recommend a lower rate-they'll usually stitch you up for the highest rate they can get away with! So it's up to you to find the best deal for your circumstances and what you want to achieve. Just like in most other professions, the best operators get most of their new business through referrals from satisfied clients. They usually don't need to advertise-their happy clients do this for them. You just need to find one that's right for your needs by asking friends and family for recommendation. Probably ask the following question to find out more about your mortgage broker.

What experience do you have?

As with other service providers, you should assess the broker's credentials before deciding whether or not to take their advice.

Brokers help people apply for the biggest loan they're ever likely to get, so make sure you have confidence in them.

If I have a complaint about you, what procedures are in place for resolving this?

Like other service providers, brokers should have internal processes for handling complaints. Under the incoming licensing regime, they must be members of an external dispute resolution body, such as the Credit Ombudsman Service, which gives an additional source of redress.

If the broker is a member of the Mortgage & Finance Association of Australia you can complain through the association's disciplinary system, which includes a tribunal that can suspend or expel members. Also check on whether the business holds professional indemnity cover.

What are your fees and commissions?

Good brokers will be happy to tell you what commissions they get. They may receive initial payments of about 0.6 per cent and ongoing commissions of about 0.2 per cent a year.

All brokers should disclose this information if you ask. In some states, or if the broker is a member of the MFAA, they are required to tell you. You won't have to pay the broker as the commission covers their service but it could influence their recommendation. Other costs might include lender processing fees and government levies.

How many lenders do you have on your panel?

Most brokers are accredited to recommend products from at least 15 lenders – although there are many more financial institutions than that in the market. If the broker's list is much smaller, you risk missing out on the best product. If you have any question or would like to discuss any loan scenario please feel free to shoot me an email.

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