

## **Confused by the myriad of mortgage options available?**

Many property buyers are confused by the myriad of mortgage options available and whether they should employ a mortgage originator - and if so, what are the benefits.

Sifiso Msomi of Durban's Shepstone & Wylie Attorneys property department looks at this issue in the following article.

"The what's and why's of Mortgage Originators...."

With a myriad of mortgage products on the market, it is not always easy to know where to go to obtain the exact bond finance you need at the time and in the circumstances.

That's where the mortgage originator comes into the picture, says Sifiso Msomi of Shepstone & Wylie Attorneys' property department. "However, many people are unsure of exactly what services a mortgage originator should offer and what benefits they provide", he adds.

He explains that the key function of a mortgage originator is to introduce a borrower to a lender and to act as a personal consultant in an attempt to help you obtain mortgage finance for a property. "The mortgage originator will apply to and negotiate with a financial institution in respect of the home loan on your behalf".

A mortgage originator should have a specialised knowledge of the various products and rates available on the market in order to give independent advice with the aim of obtaining the most suitable bond from the most appropriate mortgage lending financial institution for your particular needs. They should help you assess your affordability and explain fully and in plain language the material terms which you need to be aware of to make an informed decision.

"While you are not obliged to use their services, it can make the process much quicker because of their familiarity with the process, products, assessment yardsticks and requirements of the individual financial institutions', adds Msomi.

With a mortgage originator you only have to fill out one application and they request only one set of the relevant prescribed supporting documentation, such as identity documents and salary advice slips, required by the financial institutions. They then submit the application to the various financial institutions on your behalf and try and negotiate a lower rate for you.

"It is generally understood that a bond originator is able to secure a cheaper rate than if you approached the bank directly as they are on a better negotiating platform. A good mortgage originator should also follow up with the financial institutions on a regular basis and keep you informed," comments Msomi.

Once the mortgage originator receives the various quotations they should sit down and help you to assess your options, advising you of the pros and cons of each with your particular needs in view.

"Essentially the final decision should be yours after weighing up all your options and taking into consideration the advice and recommendations of the M.O. Do not feel obligated to make any specific choice."

Apart from providing you with information on the various mortgage products they should also be able to assist you with conveyancing and related costs.

The mortgage originator is usually paid a fee or commission by the lending institution with whom the loan is taken up, so the service should be free.

It should not be necessary to sign a sole mandate and if they request you to sign any agreement between them and yourself make sure you are fully aware of the legal and possible financial consequences.

"Remember they do not have control over and cannot therefore accept responsibility for credit decisions or valuations made by the mortgage lending financial institutions," he comments, and adds that it is a good idea to approach a mortgage originator before you go house hunting so that you know what loan amount you will be eligible for.

Should you have any problems complaints may be addressed to the Office of the Ombudsman for Mortgage Originators which has been set up to deal with complaints against mortgage originators who are members of the National Association of Mortgage Originators.