

## Press Release

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July 29, 2009

### Board publishes "5 Tips for Shopping for a Mortgage"

For immediate release

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Buying a home should be a dream come true not a nightmare of worry and stress. A new Federal Reserve Board publication, "5 Tips for Shopping for a Mortgage," will help consumers avoid potential pitfalls and make well-informed decisions when choosing a home loan.

Financing the purchase of a home is one the most complex financial decisions that consumers make. The Federal Reserve's latest "5 Tips" guide is designed to help homebuyers find the mortgage that is best for them. As a starting point, consumers are urged to conduct a financial self-assessment that includes scrutinizing their budget, checking credit reports, and reviewing credit scores. The guide directs consumers to a worksheet for developing a monthly spending plan and strongly suggests setting aside funds for emergencies.

It is important for consumers to evaluate their options and avoid expensive loans. The publication recommends taking the time do some comparison shopping by analyzing loan offers from mortgage lenders and mortgage brokers. It also explains the difference between brokers and lenders--mortgage brokers arrange mortgage loans with lenders, while mortgage lenders lend money directly. "5 Tips" explains that learning about the risks and benefits of various types of mortgage loans is critical to obtaining and sustaining the right mortgage for a family's budget.

The guide advises consumers to take advantage of additional information from other Federal Reserve publications, resources, and websites. It suggests that consumers also seek financial education materials from other trusted sources such as the U.S. Department of Housing and Urban Development and NeighborWorks.

English and Spanish versions of "5 Tips for Shopping for a Mortgage" are available both in print and online at:

<http://www.federalreserve.gov/pubs/mortgagetips/> .

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