

Burnaby Mortgage Brokerage Company

Mortgage Brokers And Questions Consumers Should Ask Them

Do some work to find the best mortgage broker and do not work with just any old broker. To be able to choose a reliable firm, take the time to interview some candidates even if you have to work much harder to find a lender do to poor credit. Here are ten questions to ask your mortgage broker.

Which Loan is Best for Me?

It is vital that the broker is working hard to find you loan alternatives which are most suitable for your situation, whether or not you have good or bad credit. Brokers will generally have access to more loan products from a bigger pool of lenders. It is vital to compare lenders to be able to get the best rate. Whether you would like to purchase a home or refinance bad credit, it is important to select a broker who would work on your behalf and look out for your best interests. If you get the sense that the lender or mortgage broker does not truly know the business or is trying to steer you into a cookie cutter loan, look for a different representative.

What is the Real Interest Rate on the Loan?

On the loan, the APR or likewise known as annual percentage rate refers to things like for example the points, margin, closing costs and the interest rate. For individuals who have bad credit, house loans would have interest rates which are higher. It is important to check that you are being given correct quotes according to your credit score. Furthermore, if you are being offered an ARM or Adjustable Rate Mortgage, find out what the rate cap is, how often the rates can be adjusted and which index is utilized to figure out the interest rate.

What Are the Costs for Acquiring a Loan?

Included in the closing costs are an appraisal, the title search, taxes, document preparation, recording fees and a survey. You would likewise be required to pay closing costs for bad credit refinance loans too.

What Are Points and Origination Fees?

Paying points is a way to lower the interest rates if you have bad credit. Usually, every point is each point is equivalent to approximately 1 percent of the whole loan amount. An origination fee is money you would pay in order to set up your new loan when refinancing. Origination fees can vary from roughly 1 to 5 percent. It is better to speak with your broker and see if they could reduce or eliminate this fee.

How Does the Mortgage Broker Get Paid?

Whoever mortgage broker you choose should be able to be truthful up front and explain how they get paid. Mortgage brokers do not make loans themselves; instead, they work with you to be able to find the best lender. For instance, if you have bad credit, it is essential to find a broker who can match you with mortgage lenders who work with such customers. Usually mortgage brokers can be paid by clients and lenders and receive commissions. The yield spread premium is a fee that your broker could receive from a lender to be able to mark up your loan's interest rate.

Will You Provide An Estimate of Closing Costs?

You will most likely receive a GFE or Good Faith Estimate of closing costs 3 business days after you apply for a loan. If lenders know that they should compete for your business, they might be more willing to supply this info prior to you really applying.

How Long Would It Take For A Loan To Be Processed?

Processing a loan could take anywhere from 45 to 60 days or possibly even longer. When drawing up a mortgage contract, your broker should include the closing date. The broker must be able to explain any possible problems that might occur, explain the loan process and deliver a timetable for when the money would truly be available.

What Documents Would I Need to Apply For a Loan?

There are several certain documents required these days in order to secure a loan. The days of no-document mortgage loans have ended. Like for instance, you will have to provide proof of income and proof of asset together with documents like for example W-2 forms, pay stubs, tax returns, invested statements and canceled checks. If you have had credit problems previously, it would be even more necessary to show a stable and recent financial history.

Will You Lock In My Interest Rate?

Mortgage rates can change and may fluctuate during the time your loan is being processed. Ask your broker if there is a fee to lock in a rate and how long it would last.

Is There A Fee for Paying Off a Loan Early?

If you later decide to refinance or sell your home, this can become important. Check out in advance how long a penalty period will last and if it would apply if you choose to refinance through the same mortgage lender.

Prior to picking a mortgage broker to work with, make sure to obtain all of the facts. Refinancing or purchasing a home is a huge commitment and you should be certain you can trust the individual you hire.