Mortgage Brokerage Firm Burnaby

Important Questions Which Should Be Answered - Ask Your Mortgage Broker

Best Kind of Loan

In order for a knowledgeable mortgage broker to suggest appropriate loans, they will firstly have to carefully evaluate your needs. Many factors such as the loan term and the kind of interest rates for instance would need to be considered in order for the right type of loan to be selected. Talk to your broker and have them explain the various kinds of loans. There are interest-only loans, fixed-rate loans, negative-amortization loans and adjustable-rate loans to name some. Before choosing which type is best for you, it is really important to be knowledgeable of all the related information.

Annual Percentage Rate and Rate of Interest
APR, the annual percentage rate would establish the incurred expenses over the duration of the loan. Normally, the APR is higher compared to the interest rate as it comprises fees and loan transaction costs over top of the interest charged.

Costs Involved and GFE
Other than the brokerage fee, you would be required to pay towards third party expenses, that includes: pest inspection reports, credit report, and fees for property appraisal, escrow if applicable, recording fees and taxes. Be certain you have a clear idea regarding each of these costs. It is important to clarify any concerns you have with the broker ahead of time. Be sure you ask any concerns if you feel that you are being forced to take out any extra insurance, or feel that you are being unfairly charged for a service.

A genuine lender will be able to provide you with an estimation of these charges and fees in the form of a GFE or also known as Good Faith Estimate in 3 days from the date you applied. Based on federal law, a GFE could be offered and if the lender does not do this or does not offer a guarantee for his estimation, it is wise to look for a different lender.

Prepayment Penalties
In the United States, penalties for prepayment are no longer permitted by all of the states. It is a good idea to ask your mortgage broker if there are any fees for prepayment charged by the lenders. If the state does allow such charges and you choose clear the loan prior to the term ends, check out whether or not the loan comes with a penalty for pre-payment. It is better to avoid mortgages that come with such a penalty because they do not allow you the flexibility to become debt-free faster.

You would have to pay the equivalent to 6 months of interest when there is a soft prepayment penalty. This payment is paid upon refinancing, or nothing is paid if the house is going to be sold. Where a hard prepayment penalty is concerned, you should pay a penalty for a particular amount of time whether or not your sell the house or refinance it. In order to avoid a loss in the future, accept the prepayment penalty clause only if you are sure you would stay in the property until the mortgage is cleared.

At the time of the loan transaction, it is vital that you discuss all of the questions above with the broker. Brokers will not be able to guarantee an exact time for funding since this time and date will be decided by the lender.