

Langley Mortgage Brokerage Company

Find Out Everything You Have To Know And Ask Your Mortgage Broker These Really Essential Questions

Do not choose to work with just any old mortgage broker. Even when you have had to search harder for lenders ready to work with you due to your bad credit, still take the time to interview several candidates to be able to choose a reputable firm. Here is a list of ten questions you should ask your mortgage broker.

Which Loan is Right for Me?

It is vital that the broker is working hard to find you loan alternatives that are most suitable for your condition, whether or not you have bad or good credit. Brokers would normally have access to more loan products from a larger pool of lenders. It is important to compare lenders to be able to get the best rate. Whether you are in the market to refinance bad credit or purchase a home, it is essential to select a broker who will look out for your best interests and work on your behalf. If you get the sense that the mortgage broker or lender 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?

Find out what the APR or annual percentage rate is on the loan. This consists of fees like for instance the margin, points, closing costs and the interest rate. For people who have bad credit, home loans will have higher interest rates. It is vital to check that you are being given accurate estimates according to your credit score. In addition, if you are being offered an ARM or also referred to as Adjustable Rate Mortgage, find out how frequently the rates can be adjusted, what the rate cap is and what index is used to figure out the interest rate.

What Are the Costs for Obtaining a Loan?

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

What Are Points and Origination Fees?

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

How Does the Mortgage Broker Get Paid?

A good mortgage broker would be honest and up front with you on how they get paid. The broker does not make any loan deals, instead they work with the borrower and the lender to find the right deals. Like for example, if you have bad credit, it is essential to find a broker who could match you with mortgage lenders who work with such customers. Usually mortgage brokers can be paid by customers and lenders and be given commissions. The yield spread premium is a fee which your broker might receive from a lender in order to mark up the interest rate of your loan.

Would You Provide An Estimate of Closing Costs?

After applying for a loan, you would likely receive within 3 business days a GFE or likewise known as Good Faith Estimate of the closing costs. If lenders know that they must compete for your business, they might be more willing to supply this information prior to you really applying.

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

At times it may take 45 to 60 days or possibly even longer. Your mortgage broker should be able to include a closing date when drawing up a contract for a mortgage loan. The broker must be able to explain any possible problems which may occur, explain the loan process and deliver a time frame for when the money would truly be available.

What Documents Will I Need to Apply For a Loan?

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

Would You Lock In My Interest Rate?

During the time that your loan is being processed, mortgage rates could change and fluctuate. Ask your broker if there is a fee to lock in a rate and how long it will last.

Is There A Fee for Paying Off a Loan Early?

This could become vital if you later decide to refinance or sell your home. Check out beforehand how long a penalty period would last and if it would apply if you refinanced through the same mortgage lender.

Make certain that you obtain all the facts, before picking a mortgage broker to work with. Refinancing or buying a home is a huge commitment and you have to be sure you can absolutely trust whoever you hire.