Mortgage Brokerage Firm Langley

Questions People Must Ask Their Mortgage Broker

Best Kind of Loan

In order for a well experienced mortgage broker to suggest suitable loans, they would firstly need to carefully evaluate your requirements. Lots of factors like the loan term and the kind of interest rates for instance would have to be considered in order for the suitable type of loan to be chosen. Speak with your broker and have them explain the various kinds of loans. There are fixed-rate loans, interest-only loans, adjustable-rate loans and negative-amortization loans to name a few. Before choosing which type is best for you, it is essential to be knowledgeable of all the related information.

Annual Percentage Rate and Rate of Interest
APR, the annual percentage rate will determine the incurred costs during the duration of the loan. Generally, the APR is higher than the interest rate because it comprises loan transaction costs and fees over top of the charged interest.

Costs Involved and GFE
You would likewise be needed to pay towards third party expenses, apart from the brokerage fee. This includes pest inspection reports, credit report, and charges for property appraisal, escrow if applicable, recording fees and taxes. Be sure you have a clear idea about each of these expenses. It is really important to clarify any concerns you have with the broker ahead of time. Be certain you ask any concerns if you feel that you are being forced to take out any extra insurance, or feel that you are being wrongly charged for a service.

In 3 days from the date you applied, a good lender must be able to provide a GFE or also known as Good Faith Estimate, which is an estimation of these charges and fees. According to federal law, a GFE could be offered and if the lender does not do this or fails to offer a guarantee for his estimation, it is better to look for another lender.

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

Where a soft prepayment penalty is policy, you will have to pay an amount equal to 6 months of interest upon refinancing, and nothing if you are selling the home. Where a hard prepayment penalty is concerned, you should pay a penalty for a specific amount of time whether or not your refinance the property or sell it. In order to avoid a loss in the future, accept the prepayment penalty clause only if you are certain you will stay in the property until the mortgage is finish.

At the time of the loan transaction, it is imperative that you talk about all of the questions above with the broker. Brokers would not be able to promise an exact time for funding since this date and time would be decided by the lender.