Mortgage Brokerage Firm Kelowna

Questions For Your Mortgage Broker

Best Type of Loan

The mortgage broker would firstly be tasked with assessing your financial requirements, before suggesting suitable loans. In order for the right type of loan to be selected, factors such as the loan term and the kinds of interests rates must be considered. Speak with your broker and have them explain the different types of loans. There are interest-only loans, fixed-rate loans, negative-amortization loans and adjustable-rate loans just to mention some. Before you choose which type is best for you, it is essential to be knowledgeable of all the related information.

Annual Percentage Rate and Rate of Interest
The annual percentage rate or also known as APR establishes the expenses you will incur over the length of your loan. Generally, the APR is higher compared to the interest rate as it comprises fees and loan transaction costs over top of the charged interest.

Costs Involved and GFE
Apart from the brokerage fee, you will be needed to pay towards third party costs, which consists of: credit report, pest inspection reports, and fees for property appraisal, escrow if applicable, taxes and recording fees. Make sure you have a clear idea regarding each of these costs. It is essential to clarify any concerns you have with the broker ahead of time. Be sure you ask any questions 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.

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 estimate of these fees and charges. According to federal law, a GFE can be offered and if the lender does not do this or does not offer a guarantee for his estimate, it is better to look for a different lender.

Prepayment Penalties
Prepayment penalties are no longer allowed in all the US states. You will need to ask your broker if there would be any fees for prepayment charged by the lenders. If the charges are allowed 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 which come with such a penalty since they do not allow you the flexibility to become debt-free sooner.

You will 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 property is going to be sold. Where a hard prepayment penalty is concerned, you will have to pay a penalty for a specific amount of time whether or not your sell the house or refinance it. To be able to avoid a loss in the future, accept the prepayment penalty clause only if you are certain you would stay in the house until the mortgage is finish.

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