

Kelowna Mortgage Brokerage Company

Reasons Why It Is Very Vital To Ask Your Mortgage Broker These Questions

Do some work to find the best mortgage broker and do not work with just any old broker. To be able to pick a reputable company, take the time to interview some candidates even though you have to work a lot harder to find a lender do to poor credit. Below are ten questions you must ask your mortgage broker.

Which Loan is Best for Me?

Whether or not you have good or bad credit, it is essential that any broker you select provides loan options that would be best for your situation. Usually, brokers have access to a variety of loan products from many lenders. It is essential to compare lenders to be able to acquire the best rate. Whether you are in the market to refinance bad credit or acquire a house, it is vital to choose a broker who will work on your behalf and look out for your best interests. If you feel that the mortgage broker or lender is trying to steer you into a cookie cutter loan or does not really know the business, 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 comprises fees like the margin, points, interest rate and the closing costs. For people who have bad credit, home loans would have interest rates which are higher. It is essential to check that you are being given correct quotes based on your credit score. In addition, if you are being offered an ARM or Adjustable Rate Mortgage, find out how often the rates can be adjusted, what the rate cap is and which index is utilized to figure out the interest rate.

What Are the Costs for Obtaining a Loan?

Closing costs can comprise fees for a title search, an appraisal, document preparation, taxes, recording fees and a survey. You would likewise be required to pay closing costs for bad credit refinance loans also.

What Are Points and Origination Fees?

Paying points is a way to lessen the interest rates if you have bad credit. Typically, each point is each point is equivalent to roughly 1% of the total loan amount. An origination fee is money you need to pay to set up your new loan when refinancing. Origination fees can range from approximately 1 to 5 percent. It is a great idea to talk to your broker and see if they can lessen or eliminate this fee.

How Does the Mortgage Broker Get Paid?

Whoever mortgage broker you pick 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 in order to find the most suitable lender. For example, if you have bad credit, it is important to find a broker who can match you with mortgage lenders who work with such clients. Usually mortgage brokers can be paid by customers and lenders and receive commissions. The yield spread premium is a commission that your broker might receive from a lender to mark up your loan's interest rate.

Would You Provide An Estimate of Closing Costs?

After you apply for a loan, you would likely receive in 3 business days a GFE or Good Faith Estimate of the closing costs. If lenders know that they should compete for your business, they may be more willing to supply this info prior to you really applying.

How Long Would It Take To Process a Loan?

Processing a loan could take anywhere from 45 to 60 days or potentially even longer. When drawing up a mortgage agreement, your broker should include the closing date. The broker must be able to explain any potential issues which might occur, explain the process of the loan and deliver a timetable for when the money will actually be available.

What Documents Will I Need to Apply For a Loan?

There are several specific documents required today in order to secure a loan. The days of no-document mortgage loans have ended. For example, you would need to provide proof of income and proof of asset with documents such as pay stubs, W-2 forms, invested statements, canceled checks and tax returns. If you have previously had credit issues, it will 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 can fluctuate and change. Ask your broker if there is a fee to be able to lock in a rate and how long it would last.

Is There A Fee for Paying Off a Loan In Advance?

If you later choose to sell your home or refinance, this can become important. Check out ahead of time how long any penalty period would last and if it would apply if you refinanced through the same mortgage lender.

Before picking a mortgage broker to work with, make certain to obtain all of the facts. Buying a home or refinancing is a huge commitment and you must be certain you could absolutely trust the individual you hire.