Mortgage Brokerage Firm Prince George

Mortgage Brokers And The Different Questions They Must Answer

Best Kind of Loan

In order for a well experienced mortgage broker to recommend appropriate loans, they would initially need to carefully assess your requirements. Numerous factors such as the term of the loan and the type of interest rates for example will need to be considered in order for the suitable kind of loan to be selected. Speak with your broker and have them explain the different types of loans. There are interest-only loans, fixed-rate loans, adjustable-rate loans and negative-amortization loans to mention 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 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 also be needed to pay towards third party expenses, in addition to the brokerage fee. This 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 sense that you are being forced to take out any additional insurance, or sense that you are being unfairly charged for a service.

A genuine lender will be able to provide you with an estimate of these fees and charges in the form of a GFE or likewise known as Good Faith Estimate within 3 days from your application date. 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 wise to look for another lender.

Prepayment Penalties
Prepayment penalties are no longer permitted within all the US states. You will have to ask your broker if there would be any fees for prepayment charged by the lenders. If the state does allow such charges and you decide clear the loan before the end of the term, 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 as they do not give 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 home is going to be sold. Where a hard prepayment penalty is concerned, you must pay a penalty for a particular amount of time whether or not your sell the property 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 home until the mortgage is finish.

At the time of the loan transaction, it is very important that you discuss all of the above questions with the broker. Brokers would not be able to guarantee a specific time for funding as this date and time will be decided by the lender.