

Mortgage Brokerage Firm Alberta

Mortgage Brokers And The Questions Clients Must Ask Them

Best Kind of Loan

The mortgage broker would first be tasked with evaluating your financial needs, prior to suggesting appropriate loans. In order for the right type of loan to be chosen, factors like the term of the loan and the kinds of interest rates should be considered. Talk to your broker and have them explain the various kinds of loans. There are interest-only loans, fixed-rate loans, adjustable-rate loans and negative-amortization loans just to mention a few. Before deciding which type is best for you, it is very vital to be abreast of all the related information.

Annual Percentage Rate and Rate of Interest

The annual percentage rate or likewise known as APR establishes the costs you would incur over the length of your loan. Normally, the APR is higher than the interest rate since it consists of fees and loan transaction costs over top of the interest charged.

Costs Involved and GFE

Other than the brokerage fee, you will be needed to pay towards third party costs, that consists of: pest inspection reports, credit report, and charges for property appraisal, escrow if applicable, taxes and recording fees. Make certain you have a clear idea regarding each of these expenses. It is really important to clarify any doubts you have with the broker ahead of time. Be sure you ask any concerns if you sense that you are being forced to take out any extra insurance, or sense that you are being wrongly charged for a service.

A genuine lender would be able to provide you with an estimate of these fees and charges in the form of a GFE or Good Faith Estimate in 3 days from the date you applied. Based on federal law, a GFE can be offered and if the lender fails to do this or fails to offer a guarantee for his estimation, it is better to look for a different lender.

Prepayment Penalties

Prepayment penalties are no longer allowed in all the US states. You will have to ask your broker if there will be any prepayment fees charged by the lenders. If the state does allow such charges and you decide clear the loan before the term ends, check out whether or not the loan comes with a penalty for pre-payment. It is better to stay away from mortgages that come with such a penalty since they do not give you the flexibility to become debt-free sooner.

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

It is essential to talk about the questions above with your mortgage broker at the time of the loan transaction. A broker who promises an exact time for funding would not be able to be trusted since the date or time for releasing finances is not entirely decided by the lender.