

Alberta Mortgage Brokerage Company

Find Out Everything You Need To Know And Ask Your Mortgage Broker These Very Important Questions

Do not choose to work with just any old mortgage broker. Even if you have had to search harder for lenders ready to work with you because of your bad credit, still take the time to interview several candidates in order to select a reliable firm. Below are ten questions to ask your mortgage broker.

Which Loan is Best for Me?

Whether or not you have bad or good credit, it is vital that whoever broker you pick provides loan options which would be suitable for your condition. Normally, brokers have access to various loan products from many lenders. It is important to compare lenders to be able to get the best rate. Whether you are in the market to refinance bad credit or buy a home, it is vital to choose a broker who would work on your behalf and look out for your best interests. If you get the sense that the mortgage broker or lender does not really know the business or is trying to steer you into a cookie cutter loan, look for another representative.

What is the Real Interest Rate on the Loan?

On the loan, the APR or likewise known as annual percentage rate means the things like the margin, points, interest rate and the closing costs. For individuals who have bad credit, home loans would have higher interest rates. It is important to check that you are being given accurate estimates according to your credit score. Additionally, if you are being offered an ARM or likewise known as Adjustable Rate Mortgage, find out what the rate cap is, how frequently the rates could be adjusted and which index is used to figure out the interest rate.

What Are the Expenses for Obtaining a Loan?

Included in the closing costs are the title search, an appraisal, document preparation, taxes, a survey and recording fees. You will also be needed to pay closing costs for bad credit refinance loans as well.

What Are Points and Origination Fees?

Paying points is a way to lower the interest rates if you have bad credit. Usually, each and every point is each point is equivalent to approximately 1% of the whole amount loaned. An origination fee is money you need to pay to be able to set up your new loan when refinancing. Origination fees can vary from roughly 1% to 5%. It is a good idea to talk to your broker and see if they could reduce or eliminate this fee.

How Does the Mortgage Broker Get Paid?

Whoever mortgage broker you select 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 to be able to find the most suitable lender. For instance, if you have bad credit, it is essential to find a broker who can match you with mortgage lenders who work with such clients. Often mortgage brokers may be paid by lenders and clients and be given commissions. The yield spread premium is a fee which your broker can receive from a lender in order to mark up your loan's interest rate.

Would You Provide An Approximate of Closing Costs?

After applying for a loan, you would likely receive in 3 business days a GFE or also known as Good Faith Estimate of the closing costs. If lenders know that they have to compete for your business, they may be more willing to supply this information prior to you actually applying.

How Long Would It Take To Process a Loan?

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

What Documents Will I Need to Apply For a Loan?

There are some particular documents required today in order to secure a loan. The days of no-document mortgage loans have ended. For example, you must provide proof of assets and proof of income together with documents like for example pay stubs, W-2 forms, canceled checks, tax returns and invested statements. If you have previously had credit problems, it would be even more necessary to show a recent and stable financial history.

Would You Lock In My Interest Rate?

During the time that your loan is being processed, mortgage rates can change and fluctuate. Ask your broker if there is a fee to lock in a rate and how long it will last.

Is There A Fee for Paying Off a Loan Early?

This can become vital if you later decide to sell your home or refinance. Check out beforehand how long any penalty period will last and if it will apply if you choose to refinance through the same mortgage lender.

Make certain that you obtain all the facts, prior to choosing a mortgage broker to work with. Acquiring a house or refinancing is a big commitment and you must be certain you can trust the person you hire.