

## Chilliwack Mortgage Brokerage Company

### Mortgage Brokers And Questions Consumers Need To Ask Them

Do not choose to work with just whoever old mortgage broker. Even though you have had to search harder for lenders ready to work with you because of your bad credit, still make time to interview some candidates in order to pick a dependable firm. Below is a list of ten questions to ask your mortgage broker.

#### What Loan is Best for Me?

It is vital that the broker is working hard to find you loan options which are most suitable for your situation, whether or not you have good or bad credit. Brokers will usually have access to more loan products from a larger pool of lenders. It is important to compare lenders in order to get the best rate. Whether you would like to refinance bad credit or acquire a property, it is important to pick a broker who would work on your behalf and look out for your best interests. If you feel that the lender or mortgage broker is trying to steer you into a cookie cutter loan or does not truly know the business, look for another representative.

#### What is the Real Interest Rate on the Loan?

Find out what the APR or annual percentage rate is on the loan. This includes fees such as the margin, points, closing costs and the interest rate. For people who have bad credit, house loans would have interest rates which are higher. It is vital to check that you are being given correct quotes according to your credit score. Furthermore, if you are being offered an ARM or also referred to as Adjustable Rate Mortgage, find out how often the rates could be adjusted, what the rate cap is and which index is used to figure out the interest rate.

#### What Are the Expenses for Acquiring a Loan?

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

#### What Are Origination Fees and Points?

Paying points is a way to lessen the interest rates if you have bad credit. Usually, each point is each point is equivalent to roughly 1 percent of the total loan amount. An origination fee is money you need to pay to set up your new loan when refinancing. Origination fees could vary from approximately 1 to 5 percent. It is better to speak with your broker and see if they could reduce or eliminate this fee.

#### How Does the Mortgage Broker Get Paid?

A good mortgage broker will be honest and up front with you on how they get paid. The broker does not make any loan transactions, they instead work with the lender and the borrower to find the best deals. Like for example, if you have bad credit, it is essential to find a broker who can match you with mortgage lenders who work with such customers. Often mortgage brokers could be paid by customers and lenders and be given commissions. The yield spread premium is a fee which your broker can receive from a lender to be able to mark up the interest rate of your loan.

#### Will You Provide An Estimate of Closing Costs?

You would most likely be given a GFE or likewise known as Good Faith Estimate of closing costs 3 business days after you apply for a loan. If lenders know that they should compete for your business, they might be more willing to supply this detail prior to you really applying.

#### How Long Would It Take To Process a Loan?

Sometimes it may take 45 to 60 days or potentially even longer. Your mortgage broker must be able to include a closing date when drawing up a contract for a mortgage loan. The broker must be able to explain any likely problems which might happen, explain the process of the loan and deliver a timetable for when the money would really be available.

#### What Documents Would I Need to Apply For a Loan?

There are several specific documents needed these days to be able to secure a loan. The days of no-document mortgage loans have ended. Like for instance, you must provide proof of assets and proof of income with documents like W-2 forms, pay stubs, tax returns, invested statements and canceled checks. If you have previously had credit problems, it will be even more necessary to show a stable and recent financial history.

#### Will 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?

If you later decide to refinance or sell your home, this could become vital. 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.

Make certain that you get all the facts, before choosing a mortgage broker to work with. Purchasing a home or refinancing is a huge commitment and you must be sure you can totally trust the person you hire.