

Brokerage Company

Which Loan is Best for Me?

It is essential 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 generally have access to more loan products from a bigger pool of lenders. It is important to compare lenders in order to get the best rate. Whether you would like to acquire a home or refinance bad credit, it is vital to select a broker who will look out for your best interests and work on your behalf. If you get the sense that the lender or mortgage broker 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?

On the loan, the APR or likewise known as annual percentage rate means the things such as the points, margin, interest rate and the closing costs. For people who have bad credit, house loans will have higher interest rates. 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 frequently 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 Getting a Loan?

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

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 have to pay to set up your new loan when refinancing. Origination fees could vary from roughly 1% to 5%. It is better to talk to your broker and see if they could eliminate or lessen this fee.

How Does the Mortgage Broker Get Paid?

Any mortgage broker you choose must be able to be honest 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 vital to find a broker who could match you with mortgage lenders who work with such clients. Normally mortgage brokers could be paid by lenders and clients and receive commissions. The yield spread premium is a commission which your broker might receive from a lender in order to mark up the interest rate of your loan.

Would You Provide An Approximate of Closing Costs?

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

How Long Will It Take To Process a Loan?

At times it can take 45 to 60 days or potentially even longer. Your mortgage broker should 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 that may happen, explain the process of the loan and deliver a time frame for when the money would really be available.

What Documents Will I Need to Apply For a Loan?

There are several specific documents required nowadays in order to secure a loan. The days of no-document mortgage loans have ended. For example, you will need to provide proof of income and proof of asset along with documents such as W-2 forms, pay stubs, tax returns, invested statements and canceled checks. If you have had credit problems before, it will be even more necessary to show a recent and stable 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 be able to lock in a rate and how long it will last.

Is There A Fee for Paying Off a Loan Early?

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

Make certain that you obtain all the facts, prior to picking a mortgage broker to work with. Acquiring a home or refinancing is a huge obligation and you should be sure you can totally trust the individual you hire.