

Mortgage Brokerage

Banks and other lending institutions were traditionally charged with the task of selling their products. When the market became more competitive, these businesses have started to depend more heavily on the services of a professional mortgage broker. In nearly all real estate markets, particularly those in Canada and the US, mortgage brokers are the biggest sellers of mortgage products. The broker is responsible for finding a particular lender or bank which would provide a loan to their client. Within Canada, mortgage brokers are paid by the lender. The borrower only pays the fees if they have below average credit.

Governmental policies have been set up to help regulate mortgage brokers in order to ensure that they are operating under banking and finance policies. Then again, each jurisdiction will have different regulations that the brokers within the area have to abide by. There is only one state in the US where mortgage brokers are not regulated.

Mortgage brokers are responsible for different jobs. There are six major categories that banking activities fall into: Business Banking, where services are provided to mid-market businesses; Retail Banking, where the broker deals with small businesses and individuals directly; Land Mortgage Banking, which deals with serving land mortgage loans; Corporate Banking, which is directed at big companies in particular; Private banking, which deals with high net worth individuals and their families; and Investment banking, that only relates to activities on the financial markets.

Most of the lending and banking institutions are privately owned making profits and there are a few government run banks which operate as non-profits. Central banks are the most common banks that are owned by the government. Central banks are normally given the task of supervising various commercial banks or controlling the interest rate. In case of a crisis, they can likewise act as a last resort lender.

A mortgage broker's activities change depending on which jurisdiction they are located in. In various places, a mortgage broker is responsible for the suggestion they provide to their customers. They are held financial liable if the advice prove to be detrimental to the clients best interest. Nevertheless, in various places the broker may be limited to a sales job which just directs their client to a different lender and is given a commission from the lender.

The mortgage broker would usually administer the same tasks. Advertising is the first task utilized to be able to attract customers and to evaluate the financial situation of the borrower. This includes analyzing the clients credit history and affordability. The next step is to scan through all of the available lenders to find the ideal mortgage product for the customer. Finally, they will apply for a lenders contract, collect the necessary documentation, and complete the application form of the lender. As soon as the legal disclosures have been discussed with the customer, the material is all given to the lender and the agreement is closed.