

Mortgage Brokerage Firm

In order for a knowledgeable mortgage broker to suggest appropriate loans, they would firstly have to carefully assess your needs. Numerous factors such as the term of the loan and the type of interest rates for instance will need to be considered in order for the appropriate type of loan to be selected. Talk to your broker and have them explain the various kinds of loans. There are fixed-rate loans, interest-only loans, negative-amortization loans and adjustable-rate loans to mention a few. Before choosing what type is right for you, it is really 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 expenses you will incur over the duration of your loan. Normally, the APR is higher compared to the interest rate since it includes fees and loan transaction costs over top of the charged interest.

Costs Involved and GFE

Other than the brokerage fee, you will be required to pay towards third party costs, that includes: pest inspection reports, credit report, and charges for escrow if applicable, property appraisal, recording fees and taxes. Make certain you have a clear idea regarding each of these expenses. It is essential to clarify any concerns you have with the broker in advance. Make 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 unfairly charged for a service.

Within 3 days of your application, a good lender must be able to provide a GFE or likewise known as Good Faith Estimate, that is an estimation of these charges and fees. According to federal law, a GFE can be offered and if the lender fails to do this or fails to offer a guarantee for his estimate, it is better to look for a different lender.

Prepayment Penalties

In the USA, penalties for prepayment are no longer allowed by all of the states. It is a great idea to ask your mortgage broker if there are any prepayment fees charged by the lenders. If the charges are allowed by the state and you choose clear the loan before the end of the term, check out whether or not the loan comes with a pre-payment penalty. It is better to stay away from mortgages that come with such a penalty since they do not allow you the flexibility to become debt-free faster.

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

At the time of the loan transaction, it is very important that you talk about all of the above questions with the broker. Brokers would not be able to guarantee a specific time for funding because this time and date would be decided by the lender.