

Richmond Mortgage Brokerage Company

Various Questions Customers Must Ask Any Mortgage Broker

Do some work to find the right mortgage broker and do not work with just any old broker. To be able to select a reliable firm, take the time to interview several candidates even if you have to work a lot harder to find a lender do to poor credit. Here are ten questions you must ask your mortgage broker.

Which Loan is Right for Me?

Whether or not you have bad or good credit, it is essential that whoever broker you choose offers loan alternatives which will be suitable for your condition. Generally, brokers have access to various loan products from many lenders. It is vital to compare lenders in order to obtain the best rate. Whether you would like to refinance bad credit or acquire a house, it is essential to choose a broker who will look out for your best interests and work on your behalf. If you feel that the lender or mortgage broker does not truly understand 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 annual percentage rate refers to things like for example the margin, points, closing costs and the interest rate. For people who have bad credit, home loans would have higher interest rates. It is important to check that you are being given correct estimates according to your credit score. In addition, if you are being offered an ARM or also referred to as Adjustable Rate Mortgage, find out what the rate cap is, how frequently the rates could be adjusted and what index is used to figure out the interest rate.

What Are the Expenses for Getting a Loan?

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

What Are Points and Origination Fees?

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

How Does the Mortgage Broker Get Paid?

Any mortgage broker you pick should be able to be truthful up front and explain how they get paid. Mortgage brokers themselves do not make loans; instead, they work with you in order to find the best 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 customers. Normally mortgage brokers could be paid by lenders and customers and receive commissions. The yield spread premium is a fee that your broker can receive from a lender to mark up your loan's interest rate.

Would You Provide An Estimate of Closing Costs?

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

How Long Will It Take To Process a Loan?

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

What Documents Will I Need to Apply For a Loan?

In order to secure a loan, there are several particular documents required nowadays. There are no longer no-document mortgage loans. For example, you should provide proof of income and proof of asset with documents like for instance pay stubs, W-2 forms, tax returns, invested statements and canceled checks. If you have had credit problems before, it would be even more necessary to show a stable and recent financial history.

Would You Lock In My Interest Rate?

Mortgage rates could change and may fluctuate during the time your loan is being processed. 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 In Advance?

This can become vital if you later choose to refinance or sell your home. Check out in advance how long a penalty period will last and if it would apply if you refinanced through the same mortgage lender.

Prior to picking a mortgage broker to work with, make certain to get all of the facts. Obtaining a house or refinancing is a huge obligation and you need to be sure you can trust whoever you hire.