Mortgage Brokerage Firm Richmond

Various Questions Which Mortgage Brokers Should Answer

Best Kind of Loan

The mortgage broker would firstly be tasked with evaluating your financial needs, before suggesting suitable loans. In order for the correct kind of loan to be selected, factors such as the term of the loan and the types of interests rates should be considered. Talk to your broker and have them explain the different kinds of loans. There are interest-only loans, fixed-rate loans, adjustable-rate loans and negative-amortization loans to name some. Before you decide what type is best for you, it is very vital to be abreast of all the related information.

Annual Percentage Rate and Rate of Interest
APR, the annual percentage rate will determine the incurred costs over the duration of the loan. Generally, the APR is higher than the interest rate as it comprises fees and loan transaction costs over top of the charged interest.

Costs Involved and GFE
You would likewise be required to pay towards third party expenses, in addition to the brokerage fee. This consists of credit report, pest inspection reports, and fees for property appraisal, escrow if applicable, recording fees and taxes. Make certain you have a clear idea regarding each of these costs. It is very essential to clarify any doubts you have with the broker in advance. Be certain you ask any concerns if you feel that you are being forced to take out any extra insurance, or sense that you are being unfairly charged for a service.

A genuine lender will be able to provide you with an estimate of these fees and charges in the form of a GFE or likewise known as Good Faith Estimate in 3 days from the date you applied. As per federal law, a GFE can be offered and if the lender fails to do this or does not offer a guarantee for his estimation, it is better to look for another lender.

Prepayment Penalties
Within the USA, prepayment penalties are no longer allowed by all of the states. It is a great idea to ask your mortgage broker if there are any fees for prepayment charged by the lenders. If the state does permit such charges and you choose clear the loan before the term ends, check out whether or not the loan comes with a pre-payment penalty. It is better to avoid mortgages which come with such a penalty because they do not give you the flexibility to become debt-free faster.

You will need to pay the equivalent to 6 months of interest when there is a soft prepayment penalty. This payment is paid upon refinancing, or nothing is paid if the property is going to be sold. Where a hard prepayment penalty is concerned, you must pay a penalty for a specific 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 would stay in the house until the mortgage is finish.

It is vital to discuss the above questions with your mortgage broker at the time of the loan transaction. A broker who guarantees an exact time for funding would not be able to be trusted because the date or time for releasing finances is not completely decided by the lender.