



TEN QUESTIONS:

To ask a mortgage broker



strength in numbers

Using a mortgage broker to help you choose a home loan can save you considerable time and could result in huge savings. However, before you decide on a broker, you need to make sure they're going to meet your needs. Here are some questions to ask.

1. How long have you been a mortgage broker?

It may help you feel more comfortable with your decision if you know the person you intend to choose as your broker is experienced and has a solid track record. This question will let you know how long they've been a broker and what sort of lending they're involved in. Also ask them to provide client testimonials, if possible.

2. Are you a licensed broker and a member of a professional mortgage industry body?

It's important to check a broker's qualifications and credentials. Major lenders require that brokers complete at least a Certificate IV in Financial Services and either hold an Australian credit licence or be authorised under a licensed home loans aggregator or lender. They should also be a member of the Mortgage and Finance Association of Australia (MFAA) or the Finance Brokers Association of Australia (FBAA).

3. Do you have access to a range of different mortgage lenders?

The mortgage broker you choose should be able to offer you loans from a large number of Australian lenders. Ask how many they have access to and if they can provide you with a full list. That way you can have confidence in their contacts and know that they have a wide selection to choose from.

4. How do you determine the best lender?

Your broker's primary job is to source the best home loan for your specific needs. Securing a low interest rate is key, but a broker should also assess your requirements and then present a number of product options. They should be able to demonstrate how they research and rate their selections, and which loan best fits your circumstances.

5. What fees and commissions are you entitled to?

This question may seem blunt, but keep in mind that brokers generate income from every transaction they complete. It's good to understand how they are paid, and how that may affect you. The broker must disclose all payments and commissions they receive.

6. How much can I borrow?

As part of the process, a broker should provide an idea of how much you can borrow based on your deposit, income, assets and liabilities. This will help you understand what type of property you can afford to buy.

7. Do you help with first home owners grants?

First-time home buyers may be entitled to government grants and other incentives. Your broker should know what's available in your state or territory and assist with any paperwork.

8. What's the best loan structure for me?

A good broker should advise you on which loan structure makes most sense for you. Ask whether a variable interest rate loan is best, or whether you should have a loan with split portions providing both variable and fixed rates.

Does it include an interest offset account, a redraw facility, and should you pay principal and interest, or interest only?

9. What are the next steps?

Ask about the process for getting your loan application underway, including any information and documentation you need to provide them as the intermediary between you and the lender. Your broker should be able to give you a checklist.

10. How long will it take?

This will determine how quickly you can start shopping around. Ask the broker to estimate when you should get pre-approval from the lender and also how long the full approval and settlement process should take from start to finish.

To get the ball rolling on your home loan, talk to a mortgage broker today.

PO Box 42, Mount Lawley WA 6929
T: (08) 6165 4000 F: (08) 6165 4067
E: mtlawley@armada.com.au

PO Box 533 Balcatta WA 6914
T: (08) 6168 8000 F: (08) 6168 8039
E: balcatta@armada.com.au

PO Box 149, Port Hedland WA 6721
T: (08) 6165 4140 F: (08) 6168 8039
E: porthedland@armada.com.au

PO Box 42, Mt Lawley WA 6929
T: (08) 9192 5040 F: (08) 6165 4067
E: broome@armada.com.au

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