Article published on January 10th 2012 | Loans

In Australia, majority of mortgage loans are sold through mortgage brokers. Gone are the days when major banks provided most of the peopleâ€™s home loan needs. Seeing how mortgage brokers have upped the competition, getting a home loan at present times has become both easier and a bit more complicated. Looking at the bigger picture, having more options these days benefits everybody and at the same time leads to confusion. Mortgage comparison will have to be more extensive because of the number of available mortgage products and providers.

Brokers and banks both offer mortgage loans to the public. So how are they different? Well, they are actually pretty much the same. However, one notable difference is the so-called refund home loan. Here are some concepts regarding mortgage brokers and banks:

Mortgage Brokers

Brokers are licensed professionals who serve as middlemen for customers who wish to apply for home loans and lenders, including banks, who offer home loans. Normally, a mortgage broker works with a range of lenders. What they do is try to match a borrower with a certain lender by offering mortgage products that would be suitable to the needs of the borrower. Mortgage brokers receive commission from lenders for every successful transaction they bring. For this reason alone, brokers are more than willing to work with as many lenders as possible as long as they successfully find a mortgage that will best suit the borrowerâ€™s circumstance.

Banks

Banks are perhaps the oldest financial institutions that offer mortgage products. Just like most lenders, they have an assortment of mortgage products to offer. They used to be the primary source of mortgage loans until the emergence of mortgage brokers. Banks profit from the interest and other fees they charge for lending money. People who go straight to banks are those who already know what loan they need.

So whatâ€™s the difference?

When you go to a bank to apply for a loan, you will be limited to the products offered by the bank youâ€™re working with. But when you choose to go with a broker, you will in fact have access to different products from different lenders. In other cases, mortgage brokers are seen as the â€˜last resortâ€™. Thatâ€™s because people whose applications got turned down by banks approach brokers. People who get refused by banks usually have poor credit histories and other issues that prevent them from meeting the bankâ€™s lending criteria. There are mortgage brokers who specifically work with people who have bad credit.

Brokers are also known to offer refunds. Under the premise of a refund home loan, the broker offers to share a portion of their upfront commission to the borrower. This scheme allows them to attract more customers.

Article Source:
http://www.articleside.com/loans-articles/refund-home-loan-the-difference-between-brokers-and-banks.htm - Article Side

Crowin Smith - About Author:
For more information regarding a Refund Home Loan, Please visit a Cashbackmortgage.com.au

Article Keywords:
refund home loans, home loans

You can find more free articles on Article Side. Sign up today and share your knowledge to the community! It is completely FREE!