



Mortgage Types

Tips & Info for Buyers/ Sellers



Introduction

When it comes to mortgage financing, there are many options & programs. Depending on your personal finances, credit score and current situation, you may qualify for a few or only one. If you happen to qualify for more than one, you and your mortgage representative can pick which is better suited for you. It's good to know the language before you begin:

Types of Mortgages

- Fixed-Rate Mortgages
- Adjustable-Rate Mortgages
- The Convertible ARM
- FHA and VA Loan

Fixed Rate Mortgages

Consider a fixed rate mortgage if you plan on living in your new home for a while and/or prefer the stability of knowing how much your payment will be each month. The rate stays the same throughout the life of the loan and is “locked in”.

Here are some of the different types of Fixed Rate Mortgages:

15-Year Fixed-Rate:

- Equity builds up more quickly than in a 30-year loan.
- Payments are typically higher. Should your job change, or situation, this may be an issue.

20-Year Fixed-Rate:

- Pay off the loan quicker than a 30-year loan.

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- The total interest paid is a lot less than for a 30-year loan.

30-Year Fixed-Rate:

- The most common of the fixed rate mortgages.
- Monthly payments are lower than for 15-year and 20-year loans since the payments are spread out more.
- Best if you plan on staying in the same home for years to come.

Adjustable-Rate Mortgages (ARMs)

This is a good one for the risk takers out there. You will have a rate for a fixed term, then it will become variable. It's a good idea to have the fixed rates be really high at the time of your loan. Most of the time, the interest rate when you take out your loan will be lower than a fixed-rate mortgage. Please note that this is true originally, but not typically long-term.

Government Loans

Government type loans may be able to provide some assistance & insure your loan for the lender. These may be a great fit for you providing that you meet the qualifications for these loans.

- **VA Loans:** Veterans may qualify for a loan from the Veterans Administration. The VA will guarantee the loan as well. Visit www.benefits.va.gov/benefits
- **FHA Loans:** The Federal Housing Association insures loans while offering lower down payments & closing costs. Visit www.hud.gov/buying/loans

For additional information and great articles, be sure to check out this link:

<https://www.realtor.com/advice/guides/mortgage/> or contact your local mortgage lender.