Assumable Mortgage Guide

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Defined

An assumable mortgage lets a buyer take over an existing loan, often at a lower rate, subject to servicer approval.

Eligible Loan Types

FHA, VA, and USDA loans are typically assumable with servicer approval. Conventional loans generally are not.

Case Study

Buyer assumes $500K FHA loan at 3% ($2,100/mo). New 7% loan would be $3,325/mo. Savings: $1,225/mo; ~$73,500 over 5 years.

Pros & Cons

Pros: Lower rate, lower payment, attractive to buyers.

Cons: Assumption fees, lender approval, possible equity gap financing.

FAQs

1. Can anyone assume my FHA loan? No, buyer must qualify and be approved.
2. Can non-veterans assume VA loans? Sometimes, but VA entitlement may remain tied.
3. Is a credit check required? Yes, assumptions are underwritten for ability-to-repay.