

## Home Finance Guide

Before you begin your home search it is helpful to do your research and find the best loan program for you! There are several programs available and depending on your credit history and your current financial status there is certain to be a perfect loan for you.

Here are a few examples of some of the loan programs available:

### Fixed-Rate Loans

The fixed-rate mortgage is the most popular mortgage program in use today. Fixed-rate loans offer the borrower a fixed interest rate for the life of the loan, typically 15 to 30 years. You will have peace of mind knowing that your monthly payment will not change over time. Conventional fixed-rate mortgages have underwriting requirements established by Freddie Mac and Fannie Mae and require certain down-payment and debt-to-equity ratios to qualify. Fixed-rate loans are very appealing to buyers who plan to stay in their home long term.

### Adjustable Rate Loans

With an Adjustable Rate Mortgage (ARM), the interest rate changes periodically, and payments go up or down accordingly. Rates are tied to an index that reflects the cost of money at any given point in time. Generally lenders charge a lower initial interest rate for the ARM than for the fixed rate mortgage. If you are expecting interest rates to decrease in the future, or if you are trying to maximize your purchase power today knowing your income will rise in the future, then this loan may be right for you. Adjustable rate loans may be appealing for buyers who plan to be living in the home for a shorter period of time.

### FHA and VA Loans

The Federal Housing Administration (FHA) offers loans for low-to-moderate-income home buyers. FHA loans have lower down payments and generally have easier requirements than conventional fixed-rate mortgages. FHA mortgages have no income restrictions and even those with lower credit scores may be considered. Past bankruptcy does not necessarily disqualify borrowers from using this program!

The Department of Veterans Affairs (VA) offers a zero-down mortgage program. To take advantage of this program, borrowers need to be among those listed as veterans and service personnel in the U.S. military. One of the biggest benefits of this program is that it eliminates the need for private mortgage insurance.

For further information please refer to the Consumer Financial Protection Bureau:

<https://www.consumerfinance.gov>

We'd be happy to answer any questions regarding this process or refer you to local loan providers we have experience working with!