

Financing Options for Buyers

Navigating Mortgages and Loans When Preparing to Buy Your Home

Navigating the array of financing options available to homebuyers can be challenging. Understanding the differences between conventional loans, FHA loans, and VA loans can help you make an informed decision.

CONVENTIONAL LOANS

Conventional loans are the most common type of mortgage and are not insured by the federal government.

They typically require a higher credit score and a larger down payment compared to government-backed loans.

However, they offer more flexibility in terms of property types and loan terms.

Conventional loans can be either fixed-rate, where the interest rate remains the same throughout the loan term, or adjustable-rate, where the rate can change after an initial fixed period.

FHA LOANS

Federal Housing Administration (FHA) loans are designed to help first-time homebuyers and those with lower credit scores or limited down payment funds.

These loans require a minimum down payment of 3.5% and are more forgiving of

credit score issues.

FHA loans are insured by the government, which protects lenders and allows them to offer more favorable terms. However, borrowers must pay mortgage insurance premiums (MIP) for the life of the

loan.

VA LOANS

Veterans Affairs (VA) loans are available to active-duty service members, veterans and eligible surviving spouses. VA loans offer several bene-

fits, including no down payment requirement and no private mortgage insurance (PMI).

These loans are backed by the Department of Veterans Affairs, which allows lenders to provide competitive interest

rates and favorable terms. To qualify, borrowers must meet specific service requirements and obtain a Certificate of Eligibility (COE).

USDA LOANS

The U.S. Department of Agriculture (USDA) offers loans to low- and moderate-income buyers in eligible rural and suburban areas.

USDA loans require no down payment and have lower mortgage insurance costs compared to FHA loans. To qualify, borrowers must meet income eligibility requirements, and the property must be located in a designated rural area.

JUMBO LOANS

Jumbo loans are used to finance high-value properties that exceed the conforming loan limits set by the Federal Housing Finance Agency (FHFA).

These loans typically require a higher credit score, a larger down payment and more stringent income and asset verification.

Jumbo loans are available in both fixed and adjustable-rate options and can offer competitive rates for well-qualified borrowers.



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REAL ESTATE 101



HOMEWISSE GLOSSARY

Evaluating Property Location

Location is a key factor in real estate value. Consider proximity to schools, work, public transportation, and amenities. Research the neighborhood's safety, future development plans, and community vibe to ensure it meets your lifestyle needs and investment goals.

Closing costs: Closing costs are fees and expenses paid by the buyer and seller when finalizing a real estate transaction. These costs can include loan origination fees, title insurance, escrow fees and property taxes. Typically, closing costs amount to 2-5% of the home's purchase price and are settled at the closing meeting.

AD SPACE