

Loan Programs

Providing valuable resources for our Real Estate Buyers and Sellers is our top priority.

There are two main types of loan programs available to potential home owners.

The first of these two types is the fixed rate mortgage. Fixed rate mortgages are loans where the interest and the principal payments remain the same for the entire loan period. Some advantages of fixed rate mortgages are that there are consistent principal and interest payments, so you won't need to worry about market fluctuations. This type of loan is good for buyers planning on staying in the house for a long time. A disadvantage of this type of loan is that they are usually priced higher than adjustable rate mortgages. If current market rates are high, an adjustable rate loan will likely have better prices. Fixed rate mortgages can have terms of 30, 20 or 15 years. This means that the monthly payments are consistent for 30, 20 or 15 years respectively. Thus, if the market is good at the time of purchase, buyers can lock in the lower interest rate for the term of the loan. The shorter termed loans are advantageous because the loan can be paid off more quickly, meaning less interest will be paid. Shorter termed loans also result in higher payments than the longer termed loans. If the buyer can handle the higher payments, shorter termed loans are beneficial in the long run.

The second type of loan program is adjustable rate mortgage (ARM). Adjustable rate mortgages have interests that change over the life of the loan. The initial interest rates, and thus monthly payments, are lower for ARMs than for fixed rate mortgages. Even though interest rates may be adjusted at predetermined times, most programs offer rate cap protection, which limits the amount interest rates can be increased. ARMs are the best choice for owners who plan to relocate in the near future (3-5 years). A disadvantage of ARMs is the possibility of increased monthly payments if interest rates do increase. All ARMs are amortized over 30 years. ARMs can be purchased as X/1 ARMs. X can be 10, 7, 5 or 3, and represents the number of years the ARM is held at a fixed initial rate before adjusting every year thereafter. Buyers should plan to move after X years since after the Xth year, rates may increase.

Questions about [Profile.market] Real Estate?

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