

What are the minimum down payment requirements for conventional, FHA, and VA loans?

- Conventional fixed-rate loans permit down payments as low as 3%, although such a low-down payment necessitates mortgage insurance, consequently raising loan costs and monthly payments.
- FHA loans allow down payments as low as 3.5%. While advantageous for their low-down payment, it's essential to consider all associated costs, including upfront and long-term mortgage insurance, along with additional fees.
- VA loans offer eligible veterans and other borrowers low to no-down-payment options.

What factors to consider for Adjustable-Rate Mortgage ARM loans?

For ARM loans, consider factors such as the length of time you plan to stay in your home. The initial ARM rates are usually lower than fixed-rate mortgages. If you plan to stay in your home for a long period of time, a fixed-rate may be better for you. Otherwise, an adjustable-rate might be better, for example, if you plan to sell your home before the rate changes start.

How can I determine if my mortgage is assumable?

Assumability varies among mortgages. If you possess an assumable mortgage, you might have the option to modify borrower(s) via an assumption loan, beneficial in scenarios like divorce, legal separation, death, or direct purchase, provided the existing mortgage terms are more favorable than new loan terms.

What factors influence interest rates?

Interest rates are influenced by fluctuating financial markets, subject to daily changes based on diverse economic indicators.

What constitutes an interest rate lock?

An interest rate lock involves choosing a specific time to secure your mortgage interest rate, a pivotal aspect of the home financing process.

Define origination charge.

The origination charge encompasses fees for services related to the initial loan application and processing, excluding discount points. It covers charges for application, processing, underwriting services, and payments from the lender for origination.

What funds are necessary at closing?

Closing costs entail your down payment, closing costs, and prepaid escrow amounts for property taxes and insurance, with the final amount communicated before closing.

Is homeowners' insurance obligatory at closing?

Homeowners insurance proof is mandatory before loan closure, typically requiring an insurance binder and payment for a year's coverage.

Differentiate between mortgage and homeowners' insurance.

Mortgage insurance is requisite for borrowers with less than 20% equity, safeguarding lenders from defaults. Homeowners insurance covers damages to property and belongings, along with specified accidents.

Explain mortgage insurance premium (MIP) and private mortgage insurance (PMI).

MIP and PMI, two types of mortgage insurance, increase monthly mortgage payments but enable borrowing a larger portion of the home's value, dependent on the loan type.

How can I identify MIP or PMI?

FHA loans are linked with MIP, whereas conventional loans that need a down payment of less than 20% are usually accompanied by PMI.

Define title insurance.

Title insurance safeguards lenders and/or homebuyers from losses resulting from title errors or disputes.

Is purchasing title insurance mandatory?

Lenders necessitate lender's coverage equivalent to the loan amount, protecting them until repayment. Borrowers pay the premium at closing, akin to mortgage insurance.