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## Mortgage Financing Choices

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**Overview**

Each mortgage category offers a range of financing options. The chart below provides an overview of the types of mortgage programs most widely available.

Type	Key Features	Customer Benefits	Homebuyer Profile
30-Year Fixed Rate	Interest remains the same for the life of the loan.	•Provides protection against rising interest rates •Predictable payments make budgeting for the future easy.	Attractive in a low interest-rate environment and ideal if borrower plans to stay in home for at least 7 years.
15-Year Fixed Rate	Same as 30-Year, but with slightly lower interest rates.	• Principal is paid off sooner, saving money in interest payments.	Investment-minded homebuyers who can or wish to make higher mortgage payments can build equity faster.
Adjustable Rate (ARM)	Fixed rate for a designated period then adjusts annually in response to a changing economy.	• The initial interest rate (and monthly payment) is lower than that of a fixed rate mortgage.	A good choice for homebuyers who intended to move or refinance in 3, 5, 7, or 10 years.
Renovation Loan	Finances the purchase of a home and provides the additional funds to improve or renovate it.	• The amount of money that can be borrowed is based on the future value of the home after improvement.	Perfect for a homebuyer looking to purchase a “fixer-upper” or a house that requires remodeling to accommodate family needs.
Custom Home Construction Loan	Offers two types of programs; one that finances the construction of a new home and one that finances the purchase of a newly constructed home.	• Loans for new construction offer options such as an extended rate lock or a bridge loan.	Homebuyers purchasing a newly constructed home from a builder, or building their own home.