

Title:

Loan Options for Your Mortgage

Word Count:

503

Summary:

There are many new types of loans available for financing your new home purchase.

Keywords:

finance, loan, dept, home, consolidation

Article Body:

There are many new types of loans available for financing your new home purchase.

Determine the length of the loan. You have a few options such as 15 years, 20 years or 30 years. There are even some circumstances when the loan can be set for 40 years. This is how long the lender sets for the term of the loan. A shorter length of the time will give you higher monthly payments, but less interest will be paid.

Decide on the type of mortgage. A fixed-rate mortgage is the most common with a fixed interest rate over the life of the loan. In the United States you have the option of a government insured FHA loans or a VA loan available to veterans who have served in the U.S. armed services.

Your typical loan payment includes interest and principal. With time, the principal is paid down. Other factors affecting your payments might include the option to pay interest only for a certain period. This will allow you to make lower payments but doesn't reduce the size of the loan.

A negative amortization loan allows you to pay less than interest-only. The shortage of the payments are added to your. This type of loan offers the lowest possible payment for a minimum number of years.

A hybrid loan is a type of loan where the terms are fixed for a certain period but payment options vary. A 30 year fixed loan that allows interest-only payments for the first 10 years is a hybrid loan. An Option ARM mortgage loan is complicated. They are adjustable rate mortgages with the options of a payment and interest variety.

Piggyback or combo mortgages are first and second mortgages combined. Borrowers

take out two loans if they have less than the 20% down.

Another type of special mortgage loan is the bridge/ swing loan. With this type of loan the seller uses the equity in the first home to buy another home.

A Reverse Mortgage is available for anyone over the age of 62 who has enough equity in their home. The lender makes the monthly payment to the borrower as long as they reside in the home.

Many mortgage loans come with a prepayment penalty. You must make this payment if your loan is repaid too quickly. If you have a prepayment penalty in the original loan you will have to pay a penalty according to the terms of the loan. You may be allowed to cash out on the equity in your home. The value of your home rises over time allowing your use that equity for financial needs. Generally lenders won't allow you to cash out until 6 months to a year after you purchase the home, no matter how much equity is built up.

Many mortgage loans are available for real estate investors. Using 100% financing for single-family homes gives the investor leverage. Lenders restrict the total number of properties an investor may finance.

By doing some research and asking questions, borrowers can find the financing that will fit their needs.