



5 Common Types of Home Loans



PLATINUM
HOME MORTGAGE

5 COMMON TYPES OF HOME LOANS

Copyright © 2016 Platinum Home Mortgage Corporation

All Rights Reserved

Feel free to email, tweet, blog, and pass this ebook around the web, but please don't alter any of its contents when you do. Thanks!

www.phmc.com
1-800-9LENDER

Platinum Home Mortgage is an equal opportunity lender. Information subject to change without notice. This is not a commitment to lend and all loans are subject to credit approval; certain restrictions may apply. AZ Mortgage Banker's License BK-0907539; Licensed by the Dept. of Business Oversight under the CA Residential Mortgage Lending Act; CO Mortgage Company Registration: Regulated by the Division of Real Estate; Delaware Lender License 11341; Georgia Residential Mortgage Licensee 34835; IL Residential Mortgage Licensee; Kansas Licensed Mortgage Company MC.0025118; Maine Supervised Lender SLM12233; MA Mortgage Lender License ML13589; MA Third Party Loan Servicer Registration SL13589; NV Mortgage Banker License 3177/NV Mortgage Broker License 4270: 1333 N Buffalo Drive, Suite 210, Las Vegas, NV 89128, (702)600-5700, 2700 E. Sunset Rd, Unit 36, Las Vegas, NV 89120, (702)331-9161, 9227 Haven Ave, Suite 100, Rancho Cucamonga, CA 91730 (909)483-9101, 155 Country Estates Circle, Suite 400, Reno, NV 89511 (775)499-5310, 20501 S. Avalon Blvd, #A, Carson, CA 90746 (310)380-6300, and 2200 Hicks Rd, #101, Rolling Meadows, IL 60008 (847)797-9500; Licensed by the New Hampshire Banking Department; Licensed by the NJ Department of Banking and Insurance; New York Licensed Mortgage Banker - NYS Banking Department; Ohio Mortgage Banker Act Mortgage Broker Exemption MBMB.850128.000; OR Mortgage Lender ML-4718; RI Licensed Lender 20132831LL; Virginia NMLS ID #13589. Platinum Home Mortgage Corporation, 2200 Hicks Rd #101, Rolling Meadows, IL 60008 (847)797-9500. Information accurate as of July 27, 2016. See www.phmc.com/licensing for additional licensing information. NMLS ID #13589 (www.nmlsconsumeraccess.org).



This document is for general informational purposes only and does not contain or convey legal advice. The information presented should not be used or relied upon in regard to any particular facts or circumstances without first consulting legal counsel. Any questions pertaining to this information should be directed to your legal counsel. Platinum Home Mortgage Corporation reserves the right to decline any loan that does not meet its requirements.



5 Common Types of Home Loans

When buying a home you will need to decide what kind of mortgage program is best for you. You will have a choice between **conventional** and **government-backed** financing.

Conventional Loans

are not backed by the government and are split by loan amount and underwriting guidelines into **Conforming** and **Non-Conforming** (including Jumbo) loans.

Government-Backed Loans

are originated and closed by private lenders, but are insured or guaranteed by the government (**FHA, VA, USDA**). These loans offer lower down payments and more relaxed underwriting guidelines.

This document is for general informational purposes only and does not contain or convey legal advice. The information presented should not be used or relied upon in regard to any particular facts or circumstances without first consulting legal counsel. Any questions pertaining to this information should be directed to your legal counsel. Platinum Home Mortgage Corporation reserves the right to decline any loan that does not meet its requirements.



1. Conforming Loan

These loans conform to the loan amount and underwriting guidelines set by **Fannie Mae** and **Freddie Mac**, who are Government Sponsored Enterprises (GSEs). Offer more financing options than government-backed loans.

- 5% down payment required (3% available in limited circumstances)
- Good credit is required
- Transaction Type:
 - Purchase
 - Refinance
 - Renovation
- Occupancy Type:
 - Primary Residence (1-4 units)
 - Second Home (1 unit)
 - Investment Property (1-4 units)
- Loan Terms:
 - Fixed Rate (10 to 30 years)
 - Adjustable Rate (multiple options)
- Private Mortgage Insurance (PMI) is required on loans with less than a 20% down payment

Transaction Highlight - Purchase

A mortgage issued to the borrower for the amount of the purchase price of a residential home minus the down payment.

This document is for general informational purposes only and does not contain or convey legal advice. The information presented should not be used or relied upon in regard to any particular facts or circumstances without first consulting legal counsel. Any questions pertaining to this information should be directed to your legal counsel. Platinum Home Mortgage Corporation reserves the right to decline any loan that does not meet its requirements.



2. Non-Conforming Loan

These loans do not conform to the loan amount (also called “Jumbo”) and/or underwriting guidelines set by the GSEs. Offer unique guidelines not found for conforming and government-backed loans.

- Down payment requirement based on loan amount (5% down available in limited circumstances)
- Good-to-excellent credit is required
- Transaction Type:
 - Purchase
 - Refinance
- Occupancy Type:
 - Primary Residence (1-4 units)
 - Second Home (1 unit)
 - Investment Property (1 unit)
- Loan Terms:
 - Fixed Rate (15 and 30 years)
 - Adjustable Rate (multiple options)
- Loan amounts up to \$3 million
- Private Mortgage Insurance (PMI) is required on loans with less than a 20% down payment

Transaction Highlight - Rate & Term Refinance

Refinancing an existing mortgage for the purpose of changing the interest rate and/or term without advancing new money on the loan.

This document is for general informational purposes only and does not contain or convey legal advice. The information presented should not be used or relied upon in regard to any particular facts or circumstances without first consulting legal counsel. Any questions pertaining to this information should be directed to your legal counsel. Platinum Home Mortgage Corporation reserves the right to decline any loan that does not meet its requirements.



3. FHA Loan

Insured by the Federal Housing Administration

FHA loans are currently the most popular home financing option, because of the low down payment requirement and easier qualifying guidelines. Recently, the mortgage insurance premiums were reduced making these loans even more attractive.

- Low 3.5% down payment required
- Offers a low FICO credit score option
- Transaction Type:
 - Purchase
 - Refinance
 - Renovation
- Occupancy Type:
 - Primary Residence (1-4 units)
- Loan Terms:
 - Fixed Rate (15 and 30 years)
 - Adjustable Rate (5 year)
- Mortgage Insurance Premiums (MIP) are required on all loans regardless of down payment

Transaction Highlight - Cash-Out Refinance

Refinancing for the purpose of liquidating equity in the property above and beyond the sum of paying off the existing loan and all transaction fees.

This document is for general informational purposes only and does not contain or convey legal advice. The information presented should not be used or relied upon in regard to any particular facts or circumstances without first consulting legal counsel. Any questions pertaining to this information should be directed to your legal counsel. Platinum Home Mortgage Corporation reserves the right to decline any loan that does not meet its requirements.



4. VA Loan

Guaranteed by the U.S. Department of Veterans Affairs

Available to Veterans and active duty military personnel and, in certain circumstances, widowed spouses. The lack of down payment and mortgage insurance requirements make this the number one choice for eligible individuals. The loan is assumable by a non-Veteran, which can be a great selling point when it comes time to move.

- Zero down payment required
- Good credit is required
- Transaction Type:
 - Purchase
 - Refinance
- Occupancy Type:
 - Primary Residence (1-4 units)
- Loan Terms:
 - Fixed Rate (15 and 30 years)
 - Adjustable Rate (5 year)
- No mortgage insurance is required however a Funding Fee is required, but may be paid by the seller

Transaction Highlight - Renovation

Purchase or refinance loan that includes the purchase price minus down payment or existing loan amount plus the amount of planned renovations.

This document is for general informational purposes only and does not contain or convey legal advice. The information presented should not be used or relied upon in regard to any particular facts or circumstances without first consulting legal counsel. Any questions pertaining to this information should be directed to your legal counsel. Platinum Home Mortgage Corporation reserves the right to decline any loan that does not meet its requirements.



5. USDA Rural Housing Loan

Guaranteed by the U.S. Department of Agriculture

Properties must be in USDA-defined rural areas. Borrower's income is limited based on geographic location and family size. In cases where the appraised value exceeds the sales price, the borrower may have no out-of-pocket costs.

- Zero down payment required
- Good credit is required
- Transaction Type:
 - Purchase
 - Refinance
- Occupancy Type:
 - Primary Residence (1 unit)
- Loan Terms:
 - Fixed Rate (30 years)
- No mortgage insurance is required, however a 1% guarantee fee is required, and may be financed up to 101% LTV

Types of Interest Rates

Fixed Rate: A mortgage with a fixed interest rate and P&I payments over the term of the loan.

Adjustable Rate: A mortgage whose rate of interest and P&I payments are adjusted on a periodic basis to reflect market conditions.

This document is for general informational purposes only and does not contain or convey legal advice. The information presented should not be used or relied upon in regard to any particular facts or circumstances without first consulting legal counsel. Any questions pertaining to this information should be directed to your legal counsel. Platinum Home Mortgage Corporation reserves the right to decline any loan that does not meet its requirements.



CONGRATULATIONS!

The ebook you've just read lists the five most common types of home loans, the various types of home financing transactions and the types of interest rates available... but there's more.

Every successful homebuyer has a team to feed them valuable information. Visit our website for videos, infographics and ebooks on the following topics:

- The 5 Simple Steps in the Home Loan Process
- How a Mortgage Pre-Approval Benefits You
- Questions to Expect During the Home Loan Process
- Document Requirements for Your Home Loan
- The Difference Between Home Inspection and Home Appraisal

We've been helping people just like you achieve the dream of homeownership since 1993. We've been fortunate to have enjoyed a lot of success in that time, but it took a lot of work and an intricate understanding of the mortgage marketplace.

We'd like to show you more...

www.phmc.com
1-800-9LENDER

This document is for general informational purposes only and does not contain or convey legal advice. The information presented should not be used or relied upon in regard to any particular facts or circumstances without first consulting legal counsel. Any questions pertaining to this information should be directed to your legal counsel. Platinum Home Mortgage Corporation reserves the right to decline any loan that does not meet its requirements.

