

Loan Types to Consider

Brush up on these mortgage basics to help you determine the loan that will best suit your needs.

- **Mortgage terms.** Mortgages are generally available at 15-, 20-, or 30-year terms. In general, the longer the term, the lower the monthly payment. However, you pay more interest overall if you borrow for a longer term.
- **Fixed or adjustable interest rates.** A fixed rate allows you to lock in a low rate as long as you hold the mortgage and, in general, is usually a good choice if interest rates are low. An adjustable-rate mortgage is designed so that your loan's interest rate will rise as market interest rates increase. ARMs usually offer a lower rate in the first years of the mortgage. ARMs also usually have a limit as to how much the interest rate can be increased and how frequently they can be raised. These types of mortgages are a good choice when fixed interest rates are high or when you expect your income to grow significantly in the coming years.
- **Balloon mortgages.** These mortgages offer very low interest rates for a short period of time — often three to seven years. Payments usually cover only the interest so the principal owed is not reduced. However, this type of loan may be a good choice if you think you will sell your home in a few years.
- **Government-backed loans.** These loans are sponsored by agencies such as the Federal Housing Administration (www.fha.gov) or the Department of Veterans Affairs (www.va.gov) and offer special terms, including lower down payments or reduced interest rates to qualified buyers.

10 Questions to Ask Your Lender

1. What are the most popular mortgages you offer? Why are they so popular?
2. Which type of mortgage plan do you think would be best for me? Why?
3. Are your rates, terms, fees, and closing costs negotiable?
4. Will I have to buy private mortgage insurance? If so, how much will it cost, and how long will it be required? (NOTE: Private mortgage insurance is usually required if your down payment is less than 20 percent)
5. Who will service the loan — your bank or another company?
6. What escrow requirements do you have?
7. How long will this loan be in a lock-in period (in other words, the time that the quoted interest rate will be honored)? Will I be able to obtain a lower rate if it drops during this period?
8. How long will the loan approval process take?
9. How long will it take to close the loan?
10. Are there any charges or penalties for prepaying the loan?



Cory and Stacy Robinson
1140 Hwy 287 Suite 400-290
Broomfield, CO 80020
303-464-3903 www.csrobinson.com