

## Which loan is right for me?

Years you plan to stay in the house	Recommended program
1-3	3/1 ARM, 1 year ARM or 6 month ARM
3-5	5/1 ARM
5-7	7/1 ARM
7-10	10/1 ARM, 30 year fixed or 15 year fixed
10+	30 year fixed or 15 year fixed

Loan Programs	Advantages	Disadvantages
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### Fixed Rate Mortgages

30 year fixed  
15 year fixed

- Monthly payments are fixed over the life of the loan
- Interest rate does not change
- Protected if rates go up
- Can refinance if rates go down
- Higher interest rate
- Higher mortgage payments
- Rate does not drop if interest rates improve

### Adjustable Rate Mortgages

10/1 ARM  
7/1 ARM  
3/1 ARM  
1 year ARM  
6 month ARM  
1 month ARM

- Lower initial monthly payment
- Lower payment over a shorter period of time
- Rates and payments may go down if rates improve
- May qualify for higher loan amounts
- More risk
- Payments may change over time
- Potential for high payments if rates go up

### Balloon Mortgages

7 year  
5 year

- Lower initial monthly payment
- Lower payment over a shorter period of time
- Many balloon mortgages offer the option to convert to a new loan after the initial term.
- Risk of rates being higher at the end of the initial fixed period
- Risk of foreclosure if you cannot make balloon payment or if you cannot refinance or if you cannot exercise the conversion option

### First Time Buyer Programs

- Lower down payment
- Easier to qualify
- Sometimes you may get lower rate
- May be subject to income and property value limitations
- Some programs which have government subsidies may have a recapture tax if you sell the house too early.

### Stated Income Programs

- Don't need to verify income
- Faster approval
- Higher rates
- Higher down payment

### No point, No fee Programs

- No closing costs
- Less money required to close
- Higher rates
- Higher payments

### Imperfect Credit Programs

- Potential for reestablishing credit if you pay your mortgage on time.
- When used for debt consolidation, you may be able to reduce your monthly debt payment
- Higher rates
- Terms may not be as favorable
- Harder to get long term fixed loans
- Loans may have prepayment penalties

### Home Equity Line of Credit

- You only borrow what you need
- Pay interest only on what you borrow
- Flexible access to funds
- Interest may be tax deductible
- Rates can change. The maximum interest rate is normally high.
- Payments can change
- Harder to refinance your first mortgage

## Home Equity Fixed Loan

- Fixed payments
- Interest may be tax deductible
- Higher interest rates than on 1<sup>st</sup> mortgages
- Harder to refinance your first mortgage

Besides our standard loan programs, we also have a large number of unique programs to serve your needs:

- Purchase a house with 0 down
- Piggyback loans 80-10-10 or 80-15-5. No PMI payments even with 5% or 10% down.
- Debt consolidation programs
- Home Improvement loans
- Qualify even if you may have been turned down before!