

Where to Shop for Angel Fire Real Estate Mortgages

Contributed by Angel Fire Real Estate fsbo Team
Monday, 02 July 2007

Once you have found the home of your choice, you may think that your shopping days are over. Actually, only the first phase has been completed. Next comes finding a mortgage and payment terms that fit your budget. Where you shop and what you look for are important.

You might start by looking for a mortgage at the bank where you have your checking or savings account. But don't limit yourself. A wide variety of institutions make home mortgage loans, including savings and loan associations, commercial banks, mutual savings banks, and mortgage companies. The mortgages these institutions offer will have varying features. One way to find the creditor with the most attractively priced loan is to look in your local newspaper; check to see if it publishes a shoppers guide to mortgage credit. These shoppers guides are available in many localities and can be used to identify the lenders with low rates. But, basically, the way to find the loan with the most attractive terms is to shop around. You should have in mind some of the things to look for in a mortgage loan. For example, what types of loans are available from a given institution? Does the lender make privately or federally insured or guaranteed loans? Some lenders offer mortgage loans backed by a federal agency such as the Federal Housing Administration (FHA loans) or the Department of Veterans Affairs (VA loans). Loans that are not government-insured are called conventional mortgages. Insured mortgages may be more attractive than conventional mortgages in some ways--such as lower down payment requirements. But they may be more restrictive in other ways; for example, they may be available only for certain kinds of homes, or for properties whose value is below a specified price. Other factors important to your mortgage decision are the length of the loan and the down payment required by the lender. The longer the term and the larger the down payment, the smaller your monthly payments will be. The interest rate is important too, and in some cases the amount of the down-payment will influence the interest rate that you pay (the larger the down payment, the lower the interest rate). In addition, mortgage loans may have interest rates that will stay fixed for the life of the loan (fixed-rate mortgages), that may change (adjustable-rate mortgages, or ARMs), or that represent a combination of fixed and variable rates (convertible mortgages). The initial rate of an ARM is generally lower than the rate available on a fixed-rate mortgage; but remember, the rate may change during the lifetime of the loan. Don't hesitate to ask the lender how one loan differs from another, how the different features of the loan will affect the mortgage, or whether your chances to qualify would improve if you made a higher down payment. When you're shopping around, you will find that some home mortgage lenders have special programs to assist veterans and low-income or first-time homebuyers. Ask the lender if such programs are available.