



## **Florida Association of Mortgage Brokers** **Encourages Consumers to Learn About Loan Program Options**

*Discuss with your mortgage originator what program is right for you*

Buying a home is a goal for many Americans, and with this being the largest purchase they will likely ever make, the Florida Association of Mortgage Brokers (FAMB) would like to make sure consumers are aware that a wide variety of loan programs exist. Prior to making a decision, the FAMB recommends that borrowers discuss in detail with their mortgage originator all available program options.

Consumers, and their mortgage originators, need to consider factors such as how long the person/family intends to live in the home, how much money they have for a down payment and whether the consumer is looking for consistency or flexibility with their monthly mortgage payment. It is also important for consumers to understand that a fixed rate mortgage is one where the interest rate stays the same throughout the life of the loan, while an adjustable rate mortgage means that the interest rate begins at one level and changes at pre-determined intervals throughout the life of the loan.

While the actual choice of loan program options depends on the lender, some of the most popular according to the FAMB are:

- **30-Year Fixed Rate** – The monthly payment and interest rate are the same for 30 years.
- **15-Year Fixed Rate** – The monthly payment and interest rate are the same for 15 years.
- **3/1-Year Adjustable Rate** – The monthly payment and interest rate are the same for three years. Beginning in the fourth year, the monthly payment and interest rate may change every year for the rest of the loan period.
- **5-Year Balloon Mortgage** – The monthly payment and interest rate are the same for five years. At the end of the fifth year, the loan is due in full, which means the borrower must refinance into a new loan program if they are staying in the home, or sell the home and pay the loan balance in full.
- **Interest Only Mortgage** – Consumer only pays interest for a fixed period of time instead of making payment towards principal as well, which keeps monthly mortgage payments low.

"Every loan program has benefits and drawbacks and it is very important that consumers discuss with an experienced mortgage originator how these programs fit in with their personal financial circumstances," said Steve Schneider., president of the FAMB.

For more information or to find a mortgage broker in your area, visit the consumer information page on the FAMB web site at [www.famb.org](http://www.famb.org).