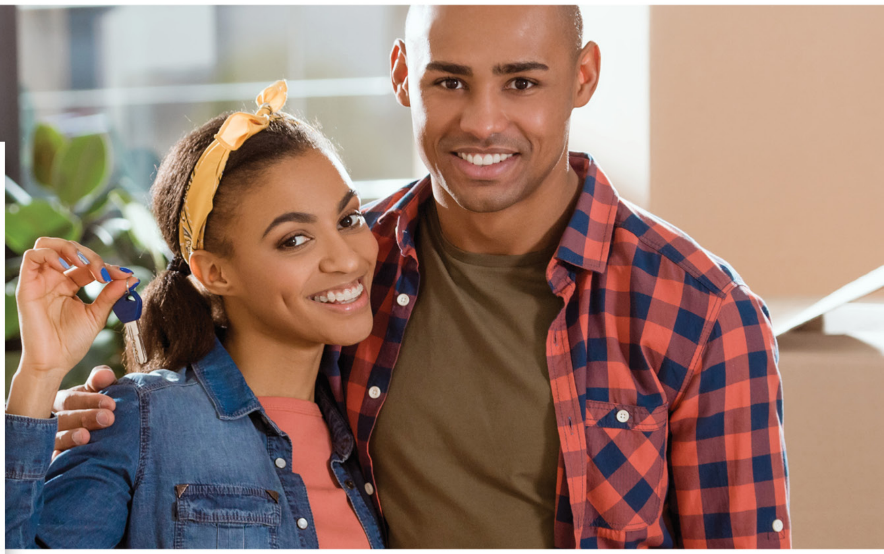
When interest rates rise, ask about an

Assumable Mortgage



What is an assumable mortgage?

An assumable mortgage is a loan that a buyer can take over from the seller of a home, often with little or no change in the loan's terms, including the interest rate. After obtaining a lender's approval, a qualified buyer agrees to make future payments as if they took out the original loan on the home.

What types of loans are assumable?

- Government loans, such as FHA, USDA and VA loans
- Conventional, adjustable rate mortgage (ARM) loans
- Some non-conforming ARM loans[1]

Considerations of an assumable mortgage:

- A buyer will need to qualify for the terms of the existing loan in order to assume the mortgage.
- If the sale price of the home is more than the mortgage amount remaining on the home, a buyer will need to pay for the difference at closing out-of-pocket.
- Certain conditions will need to be met based on the existing loan type.

Advantages of an assumable mortgage:

- If the seller's interest rate is lower than the rate a buyer can obtain based on current market rates or credit history, the buyer may enjoy significant savings.
- Fewer closing costs may be associated with an assumable mortgage.
- Because not all mortgages are assumable, a seller may also benefit by marketing this advantage when competing with other homes on the market.

Not all borrowers will qualify. Assumable mortgage may not be the best option for every borrower.

1. Not all non-conforming ARM loans are assumable. Ask your mortgage consultant to discuss assumable non-conforming loan programs for which you may be eligible.

Contact us for more information.

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