

# Texas-Sized Mortgages: Your Guide to Home Loans with Texas Republic Bank

Are you considering buying a home in 2024? How about refinancing your existing home when rates drop? Whether you are taking out a new loan or refinancing, it's important that you understand the specifics of your financing.

In this article, we'll go through everything you need to know about taking out a home loan, including differentiating between common loan types and terms to be aware of. If you still have questions about your home loan, reach out to one of our team members at Texas Republic Bank.

## Common Loan Types

When it comes to financing your home, there are a few different routes you can take. The most popular type of home loan is called a conventional loan. This loan product is not backed by the government and qualification depends on your financial situation.

Conforming conventional loans meet the Federal Housing Finance Agency's (FHFA) standards, including credit requirements, loan size, and debt held. Conforming conventional loans are great for buyers who want to put little money down, such as 3%, but there are lower debt-to-income thresholds and higher credit score requirements.

Non-conforming loans don't meet these standards, presenting more risk for your lender. Jumbo loans are an example of a non-conforming loan. This loan product is commonly used to finance more expensive homes at more competitive interest rates. However, not all lenders will offer this product and the qualification process can be even more rigorous than conforming loans.

Furthermore, government-backed loans can be another option. There are a few different types of government-backed loans, including Federal Housing Administration (FHA) loans, Veterans Affairs (VA) loans, and U.S. Department of Agriculture (USDA) loans. Each of these loan products has specific eligibility criteria.

## Negotiating Terms

One of the most important aspects of your mortgage is the terms. Your loan terms dictate your monthly mortgage payment and loan costs. Here are some of the terms to keep an eye out for:

- Interest Rate – Your interest rate is one of the most influential factors. As interest rates go up, your housing payment becomes more expensive.
- Loan Amount – Like your interest rate, your loan amount contributes to your monthly payment.
- Downpayment – Putting more money down can result in a lower monthly payment. If you are low on cash, there are numerous programs that allow borrowers to put as little as 3% down.



- Closing Costs – Closing costs are the fees associated with taking out your loan. They are usually lumped into your loan amount and cover costs like title charges and origination fees.
- Repayment Period – The most common repayment period is 30 years; however, you can take out loans with a 15 or 20-year repayment period.

When it comes to optimizing your terms, you want to choose the right lender. Be sure that your prospective lender is an Equal Housing Lender and is willing to work with you to find the best terms for your home loan.

### **Getting Started**

Knowing which loan product is right for you can be overwhelming, especially with each option having specific qualification criteria. Not to mention that negotiating terms is a whole other ball game.

If you're ready to get started with a home loan, reach out to one of our team members. We can walk you through everything you need to know, helping you select the right loan type and terms for your situation.