



Eliseo Delgado Jr. Explains Differences Between Conventional Loans and Government-Backed Loans

CORONA, CALIFORNIA, USA, April 14, 2020 /EINPresswire.com/ -- Helping clients on the West Coast understand and secure affordable mortgages, [Eliseo Delgado Jr. breaks](#) down the main differences between conventional and government-backed loans.

Real estate professional Eliseo Delgado Jr. has spent well over a decade helping people in and around California through the often difficult mortgage process. One topic that continually comes up in his talks with clients is the use of conventional loans versus government-backed loans. Below, he helps readers understand the two better so they can make more educated guesses when preparing for their own home purchases.

Eliseo Delgado Jr. Shares Why Some Conventional Loans are Harder to Obtain

[Eliseo Delgado Jr. tells](#) us that conventional loans rely on the support of independent lenders across the country. Borrowers who default on their loans put the lenders in risk of losing finances, which means these types of loans are typically harder to obtain.

Financial lenders offering these loans will have high standards for the people who qualify. They'll look to people's credit scores and histories to determine the likelihood they default on their loans. Borrowers will also have to prove their regular income to lenders and meet sizable down payment demands.

"People choose conventional loans because of the variety of options when negotiating with banks for things like down payments rates," says Eliseo Delgado Jr. "However, they tend to come with stricter credit requirements, which poses a problem for many borrowers."

Eliseo Delgado Jr. Explains the Popularity of Government-Backed Loans

As the name suggests, these types of loans are insured by the government, and they are an especially popular choice for first-time homebuyers. Also called non-conventional loans, they're easier to qualify for and tend to be a lot more affordable to new homebuyers.

Because they're backed by a strong institution like the American government, non-conventional loans typically ask for lower down payments and don't require especially high credit scores. Borrowers encounter more lenient qualifications and lower initial costs from government-backed loans, making them an ideal fit for first-timers.

"Two of the most popular government-backed loans are VA and FHA loans, which are backed by different institutions within the government," says Eliseo Delgado Jr. "Low down payments and lower credit requirements are their pros, but these loans also come with their cons."

FHA loans, for instance, require borrowers to also purchase mortgage insurance that could last the term of the loan as well as pay an up-front premium. VA loans are only available to veterans, active-duty service members, and their spouses, and they don't require down payments or mortgage insurance.

“These are just some of the finer details of conventional and non-conventional loans, but real estate professionals will be able to share more insight with borrowers on a one-on-one basis and help them determine their best options,” [says Eliseo Delgado Jr.](#)

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