

What Are the Different Types of Mortgages? Ahkeem Henderson Explains

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RIVERSIDE, ILLINOIS, USA, November 30, 2021 /EINPresswire.com/ -- There are several types of mortgages available for those who are trying to purchase a residential home, [says Ahkeem Henderson](#). It's important for prospective homebuyers--especially first-time homebuyers--to do their research and choose the mortgage that best suits their needs and financial situation.

Choosing the wrong mortgage could cost you thousands of extra dollars over its lifespan so make sure you understand the differences!

Ahkeem Henderson Discusses the Pros and Cons of Different Mortgage Types

Conventional Mortgages

This is the type of mortgage we typically think about when we're buying a house, says Ahkeem. A

conventional mortgage is funded by private financial lenders. They rarely have strict income regulations or rules about the type or location of your home.

However, conventional loans do tend to have stricter credit score requirements and take your debt-to-income ratio into consideration during the application process. With a conventional mortgage, depending on the lender, you can purchase a home with a relatively small--or even no--down payment. However, if you have a down payment of 20% or more, you don't have to pay private mortgage insurance (PMI).



A conventional loan is one of the best mortgage choices, advises Ahkeem Henderson

In general, if you don't qualify for a government-backed loan, a conventional loan is one of the best mortgage choices, [advises Ahkeem Henderson](#).

FHA Mortgages

FHA loans are backed by the Federal Housing Administration, making it possible for people with small down payments or not-so-great credit scores to buy their own homes. To get the 96.5% financing from the FHA, you do have to have at least a 580 credit score. If you're able to put at least 10% down though, you may be accepted with a credit score as low as 500.

This is a great option for those who would otherwise not be able to buy a home because of their credit score or lack of savings, says Henderson.

VA Mortgages

While VA loans are only available to active or retired members of the military and their families, if you qualify, you should take advantage, [Ahkeem Henderson says](#). VA loans do not require you to pay for PMI or a down payment, and closing costs are often paid by the seller or capped at a certain price. These mortgages are low-interest and flexible because they are designed to ensure that all veterans can afford to buy a home.

While there is a "funding fee" charged to offset the cost to taxpayers, you can usually have the fee rolled into the loan rather than pay it upfront.

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