Ready to Buy?

10 Financing Options to Consider

As the market evolves, it's vital to know some of the lesser-used financing options. Be sure to ask your real estate agent or mortgage professional about these when you get pre-approved for home financing.

1. Downpayment assistance. Multiple state and local homebuyer programs are available for first-time and repeat buyers. Look into the Florida Bond Program and the new Hometown Heroes (floridahousing.org) program for teachers, healthcare workers and first responders. **Go to downpaymentresource.com**

2. FHA loans. FHA loans have the advantage of requiring only 3.5% for a downpayment and more lenient qualifying guidelines, but they also have mortgage insurance for the life of the loan.

3. VA loans. VA loans don't require a downpayment or mortgage insurance. A lender can compare programs to find the best fit.

8. Bank statement loans. Borrowers who are self-employed or rely on investment income may have trouble qualifying based on tax returns, so some lenders offer loans based on other documentation such as bank statements or asset accounts.

9. Buydowns. Buyers with extra cash can consider buying down their mortgage rate for the first two years. For example, a buyer could buy down their rate by 2% or 3% the first year, 1% or 2% the second year, and then the rate would stabilize to the original rate for the remaining loan term.

4. USDA loans. Rural Development loans are available in designated areas in Florida that can be checked by a lender or on the loan program's map. These loans have income and loan limits, but they offer a no-downpayment option without mortgage insurance for those who qualify.

5. Conventional loans. Buyers can make a downpayment of as little as 3% or 5% even with a conventional loan. Qualifying guidelines are stricter than with government-backed loans, and rates are based on numerous factors, such as the borrower's credit score and loan-to-value.

6. ARMs. Some buyers shy away from ARMs because they were associated with the Great Recession, but today's ARMs are typically hybrid loans that are fixed for 5, 7 or 10 years before adjusting. There are caps on how much the loans can adjust annually after the fixed period and over the life of the loan.

7. Assumable loans. Only government loans are assumable, not conventional loans, but even FHA and VA assumable loans are rare these days.

10. Seller credits. Buyers can ask sellers for closing cost assistance depending on the loan guidelines. Another option is to ask for the sellers to contribute to a mortgage rate buydown rather than lower their price.

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