COMMON MORTGAGE OPTIONS

Private mortgage insurance (PMI) is paid by the borrower, but it protects the lender if the homeowner defaults on the mortgage loan. PMI is usually required until the loan-to-value (LTV) ratio reaches 80%. It must be removed after the LTV reaches 78%.

FEDERAL HOUSING ADMINISTRATION

- Mandatory mortgage insurance protection (MIP) insures up to 97% of the loan and stays in place for the life of the loan.
- The minimum down payment is 3%.
- Forbearance must be attempted before foreclosure.
- The Federal Housing Administration (FHA) usually will not sue for a deficiency, though it has the right.

DEPARTMENT OF VETERANS AFFAIRS (VA)

- VA is usually more expensive than FHA or conventional loans.
- No down payment is required, but 100% MIP is mandatory.
- Forbearance must be attempted before foreclosure.
- The Department of Veterans Affairs will pursue for a deficiency, usually after six to eight months of nonpayment. Negotiations take place with your local VA office.

PRIVATE MORTGAGE

- This could be issued by a bank, finance company, individual, etc.
- Private parties can be more flexible with loan terms because they are not subject to traditional regulations and requirements.
- Portfolio loans are usually more expensive.
- Foreclosures may take less time than other loans.