



Most Common Types of Loans

There are many different types of loans when it comes to a mortgage. This can make the process overwhelming, especially for first time home buyers. However, [Golden Eagle Mortgage Group](#) is here to break down some of the most common types of loans so you can make a more informed decision.

Construction Loans

Construction loans are one of the most common types of loans. Typically, construction loans are meant to cover the costs of building a custom home. They only cover the costs of building the home itself. They are different from a traditional mortgage and are considered speciality financing. After the home is built, you would then need to get a regular mortgage loan.

There are also other types of loans that relate to construction. There are construction only loans that strictly cover the construction period. Construction-only loans tend to be risky due to the number of variables involved. Construction-to-permanent loans are construction loans that automatically turn into a regular mortgage. Renovation loans are another type of loans, and they are used specifically for home renovations.

VA

VA loans are another one of the types of loans available to prospective homeowners. [VA loans](#) can be a great option because of their low rates and flexibility. However, they are only available to eligible service members, veterans, and surviving spouses.

To be eligible, you must meet one of the [following criteria](#):

- Served 181 days of active service during peacetime.
- Served 90 consecutive days of active service during wartime.
- Served more than 6 years of service with the National Guard or Reserves or 90 days under Title 32 with at least 30 of those days being consecutive.

VA loans are one of the best types of loans available if you qualify. VA loans typically do not require a down payment. This is a great advantage and can help you get into a home without needing a large down payment.

There are a few other requirements though. Depending on your lender, the types of properties the loans apply to will vary. Some lenders don't give out VA loans for condos or manufactured homes. The credit score requirements will also vary from lender to lender. Regardless, VA loans are one of the types of loans worth considering.

Jumbo

[Jumbo loans](#) are another type of loan that is available to prospective buyers. They are used when a standard mortgage is not enough. The maximum conforming loan amount in most counties is around \$647,000, but it will vary depending on your location. For loans that exceed this, jumbo loans are the types of loans used.

Jumbo loans are generally riskier than most other types of loans. They are not back up by Fannie Mae and Freddie Mac, so the lender is not protected should the buyer default on the loan. They typically come with a fixed or adjustable rate and have stricter requirements, such as larger down payments, than other types of loans due to the associated risk.

Bond Programs

[Bond programs](#) are one of the types of loans that are well-suited for low and middle income homebuyers. A state or local government will issue mortgage bonds, using the money raised to subsidize the cost of buying a home for those who may not be able to afford it otherwise. For those who may struggle financially with buying a home, bond loans are a great option.

To get one of these types of loans, how to apply can vary. Some will allow you to apply directly through your local bank, while others require you to apply to the housing authority running the program. However, not everyone who applies will qualify. Still, bond loans are a worthwhile consideration when looking for loans.