

CONFORMING LOANS



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WHAT IS A CONFORMING LOAN?

A conforming loan is a mortgage that is equal to or less than the loan limit set annually by Fannie Mae or Freddie Mac, the government-sponsored agencies that purchase the bulk of U.S. residential mortgages from banks and other lenders. The current conforming loan limit for a single-family home or condominium in most areas of the country is \$424,100, with higher limits allowed for designated high-priced markets.

The terms conforming and conventional are often used interchangeably. Mortgage loans that are higher than the conforming loan limit are called jumbo mortgages or nonconforming loans.

WHAT FACTORS ARE INVOLVED IN A CONFORMING LOAN?

There are many factors involved in qualifying for a conventional loan including the amount of down payment required. Down payment requirements can range from 5% to 25% (95% loan to value to 75% loan to value) depending on the area of the country you live in, your individual financial profile, and the type of property you are purchasing or refinancing:

- Primary Residence
- Second Home
- Investment Property

Conventional loans with a combined loan to value over 80% must have Mortgage Insurance (MI). MI rates and loan interest rates for a conventional loan are based on your credit history, the type of property you are purchasing, and the amount of down payment.



Loan programs available for conventional loans include:

- Fixed rate mortgage (10, 15, 20, 25 and 30 year terms)
- Interest Only mortgages (available in certain circumstances)
- Adjustable rate mortgages (3 year, 5 year, 7 year and 10 year fixed periods)



For more information, please consulting these web sites:

- [FannieMae](#)
- [FannieMae Cash Flow Analysis – Form 1084](#)
- [FannieMae Condo, Co-op and PUD Eligibility](#)
- [Freddie Mac](#)
- [Conforming Loan Limits](#)

IS THIS THE LOAN FOR YOU?

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