



Types Of Mortgages

The chart below provides an overview of the types of mortgage programs that are most widely available. Check with a mortgage financing expert for details about financing options.

Mortgage Type	Key Features	Customer Benefits	Homebuyer Profile
30-Year Fixed-Rate	<p>Interest rate (and monthly principal and interest payments) remain the same for the life of the loan.</p> <p>If payments are made as agreed, the loan balance will be \$0 at the end of the term.</p>	<p>Provides protection against rising interest rates.</p> <p>Predictable payments make budgeting for the future easier.</p>	<p>Especially attractive in a low interest-rate environment and ideal if you plan to stay in your new home for at least 7 years.</p>
15-Year Fixed-Rate	<p>Interest rate remains the same for the life of the loan; slightly lower interest rates than 30-year fixed.</p>	<p>The loan is paid off sooner, saving substantial money in interest payments over the life of the loan.</p>	<p>Investment-minded homebuyers who can or wish to make higher mortgage payments can build equity faster.</p>
Adjustable Rate (1-Year ARM)	<p>Interest rate (and monthly principal and interest payments) can rise or fall as a result of annual rate adjustments, which occur throughout the term of the loan in response to a changing economy.</p> <p>Generally the amount of the adjustment is limited at any one time and over the life of the loan.</p>	<p>The initial interest rate (and monthly payment) is lower than that of a fixed-rate mortgage.</p>	<p>An ARM may be a good choice in a higher interest-rate environment, if you need a lower rate to qualify for financing, or if you want to save some money in the first year.</p>
Intermediate ARMs	<p>Offers a fixed interest rate for a designated period (3, 5, 7 or 10 years) then adjusts annually.</p>	<p>The initial interest rate (and monthly payment) is lower than that of a fixed-rate, so payments are more manageable during the introductory period.</p> <p>The rate is usually higher than the 1-year ARM, but payments</p>	<p>This option can be a practical financial-planning tool for forward-thinking homebuyers who intend to move or refinance in 3, 5, 7, or 10 years.</p>

Mortgage Type	Key Features	Customer Benefits	Homebuyer Profile
		are dependable for a longer period.	
Convertible ARM	Offers an option to convert your loan to a fixed-rate mortgage after a certain period of time (for example, any time after the fifth year).	The advantage of a lower initial interest rate with an opportunity to change to fixed-rate when you can better afford it.	A good choice for homebuyers who need a lower qualifying rate today, but who may want to switch to a fixed-rate in the future without refinancing.
Balloon Loan	<p>Offers fixed payments for a period of time (usually 5 to 7 years), followed by one large payment, known as a balloon payment, of the remaining loan balance.</p> <p>The amount of the monthly payment is not sufficient to repay the balance during the scheduled term. For example, the payments are based on a 30-year term; however, the loan is due and payable in 5 years.</p>	Interest rate is lower than that of a 30-year fixed-rate loan	A popular choice of homebuyers who are certain they will move or refinance in 5 to 7 years.
Renovation Loan	Finances the purchase of a home and provides the additional funds to improve or renovate it.	The amount of money that can be borrowed is based on the future value of the home after improvement.	Perfect for a homebuyer looking to purchase a “fixer-upper” or a house that requires remodeling to accommodate family needs.
New Construction Loans	Offers two types of programs: one that finances the purchase of a newly constructed home and one that finances the actual construction plus the purchase of the finished home.	Loans for new construction may offer options such as an extended rate lock or a bridge loan.	Homebuyers purchasing a newly constructed home from a builder, or building their own home.

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