THRIVENT
FEDERAL CREDIT UNION®

5 COMMON MORTGAGE QUESTIONS: ANSWERED

The mortgage industry continues to change every day, making it difficult to sift through home options. Take a quick scan of the commonly asked questions below and gain clarity around common mortgage myths, changes in tax law, options for a lower payment and more.

I want to lower my payment, but I have an FHA loan. What can I do?

The annual mortgage insurance required on this type of mortgage can be as high as 1.05% of the mortgage amount that is included in your payment. Additionally, depending on your loan-to-value ratio, the FHA mortgage insurance premium can be difficult to remove. Consider exploring a refinance option, which would allow you to move out of an FHA loan and into a conventional loan structure. You may be able to reduce costly mortgage insurance, secure a different payment or select a potentially lower rate.

If I want a lower rate, is refinancing my only option?

Refinancing is not your only option to lower your monthly payment. Consider getting a quote from another insurance carrier to see if you can lower your insurance premium, which can lower your overall monthly mortgage payment. To get started, take advantage of a free risk assessment. During an assessment, your credit, claims, and home value will all be reviewed along with your overall financial goals. Be your own advocate for getting the lowest payment

How do new tax laws impact my ability to deduct interest on my home equity loan?

According to the IRS, the Tax Cuts and Jobs Act of 2017 suspends the deduction for interest paid on home equity loans and lines of credit, unless they are used to:

- Buy a home
- Build a home
- Substantially improve a home

In short, under the new law, if the home equity is used to pay personal living expenses, such as credit card debts, the interest is not deductible. If you have an existing home equity loan, ask your mortgage loan officer if it makes sense to refinance the outstanding debt into a traditional mortgage. As always, consult with a tax professional to learn the specifics about your deductions.

Do I need 20% down payment to buy a home?

The short answer is "no." Homeowners can put as little as 3% down depending on the loan. Although private mortgage insurance may be required, it can be cancelled with provisions or when your balance automatically reaches 78% of the original appraised value. Waiting to save for a 20% down payment could result in a higher interest rate and/or higher payment than you planned. It could also result in a higher-priced home due to significant appreciation values occurring in many markets today. There are options available for homebuyers who want to buy a home with a small down payment. Consider the *Low Down Payment Loan* from Thrivent Federal Credit Union that allows buyers to put as little as 3% down.

Can my fixed-rate mortgage payment ever change?

A fixed-rate mortgage is a good option for homebuyers who want a steady payment. But remember: When escrowing taxes and insurance to be included in your mortgage payment, the rates for taxes and insurance change annually, which will affect your monthly mortgage payment. Consider what the taxes are in the area you're interested in and take those numbers into account when you purchase your home, and consider shopping for the right insurance provider.

At Thrivent Federal Credit Union, we work with families to find the mortgage that fits their lifestyle, budget, and long-term goals. We look at your big picture. We care about your future and we want your mortgage to align with your financial journey. Connect with a mortgage specialist from TFCU and begin your journey to finding the right-sized home and mortgage to match.

Call TFCU today at **866-596-1501** or visit **Thriventcu.com/mortgage** to get started.