

## Colorado Florida jumbo loans versus conventional loans

If in the market scouting for higher-end properties, one should be familiar with the concepts of conventional or conforming and jumbo loans. For those interested in Colorado Florida jumbo loans, it is important that they learn the terminologies first before anything else so they'll know their way around especially if they are just new at this kind of transaction. Most lenders would initially ask a borrower which type of loan he is applying for so one should have prior knowledge before meeting up with the lending company.

Conforming loans are loans that have a maximum amount that conforms to Congressional directives that are set every year. The agencies that put the cap on the loan limits are the Federal National Mortgage Association (FNMA) and the Federal Home Loan Mortgage Corporation (FHLMC). In the mortgage world, FNMA is also known as Fannie Mae and FHLMC is better known as Freddie Mac.

October Fannie Mae sets the limits on the amount that lenders must give out as loans. At present, the home loan limit is set at \$417,000 except in Hawaii, Alaska, and Virgin Islands where the limits are 50% higher. Those loans equal to or below \$417,000 are considered conforming loans. Once the loan exceeds this limit, the loan becomes a jumbo loan.

Conforming loans have the most affordable interest charges for home financing. One can save about 0.5% in interest rates with a conventional or conforming loan as compared to a jumbo home loan like those Colorado Florida jumbo loans. It is also important to know that one of the biggest differences between the two loans is how strict the guidelines are. Jumbo loans have stricter qualifications than conventional ones.

If one is looking at Colorado Florida jumbo loans, he should ask for advice first on whether that is a better option for him. There might be other options like a combination of conforming loan with home equity line of credit (HELOC), which will prove much cheaper especially, if the prime rates are at a low.

## About the Author

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