

SAN DIEGO, Sept. 21, 2013 /PRNewswire-iReach/ -- LoanLove.com is a borrower advice website that provides detailed insights into the mortgage industry in a fun and entertaining way. The team at LoanLove.com is devoted to help empower both first time and experienced homeowners with valuable resources, first-class knowledge and connections to top-rated industry professionals and has the mission of helping consumers and borrowers to obtain the latest information on mortgage lending trends, the real estate market and the U.S. financial landscape in order to help them obtain a home loan that they will love. To help customers achieve their mortgage loan goal ends, Loan Love examines whether or not using a [401k for home purchase](#) is the right choice for loan borrowers in a recently released article. The published article, titled "Should You Use A 401k Withdrawal For Home Purchase? (Pros/Cons)" can help customers differentiate the benefits and drawbacks for a 401k withdrawal.

The article starts off explaining about a 401k withdrawal: "Your 401K is one of the most powerful retirement investment vehicles you have, and the best way to make it grow is to keep investing and leave it untouched until you're well into your 60s. But sometimes, life throw's a curve ball and you need a lump sum to meet a major life expense – like purchasing your primary home. In other words, should you use a 401k withdrawal for home purchase?"

To most, [withdrawing from a 401k fund](#) seems like a reasonable option, considering it's a consumer's retirement money. But with the fees and penalties involved, some people may be deterred from withdrawing from a 401k. Is the risk worth it? The Loan Love article provides a rundown of all the alternatives to taking a 401k withdrawal which include:

- Seeking a second mortgage loan from a lender to pay the costs for the down payment.
- Asking a lender to allow a larger mortgage of roughly around 90 to 95% of the home's value by offering to pay [private mortgage insurance](#) (PMI).
- Taking a loan from a 401k. As the article reads: "Many people don't know they can use their 401K as a source of loans (assuming your employer allows it). In this scenario, your account serves as a lender; you pay interest, but that interest is paid back into your account, to help make up for the earnings you'll lose by taking out some of the principal. Here, the major

risk is that if you lose your job before paying back your loan, you have to pay back the loan in full within a pretty short period of time – usually a couple of months – or else it will be considered a withdrawal and all those penalties will apply."

So to recap, article suggests that every employee should consider a few steps before deciding to withdraw from a [401k fund](#) . First, employees should ask their employer if loans are allowable on their 401k account. Asking a lender for the option of PMI can also assist in helping pay for a home. One final step a loan borrower can do is to look around and see if they are applicable for a second mortgage to cover down payment.

When a loan borrower assesses all these options and calculate their budget, their choices will be more clear when finding the best solutions within their financial capabilities. For more on [401k for home purchases](#) , please read the full article on LoanLove.com.

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