

# MORTGAGES

## What type of Mortgage is Right for You?

If you are planning to buy your dream home or commercial property but you are not sure what your options are, you need to go to the mortgage department of your bank.

There are so many loans to choose from but they are all different in some way. You need to figure out what is going to work with your job and your payment ideas.

For some people, the great job is not there and they need a good plan for their budget.

Some mortgages may require balloon payments up front or at the end of the loan. They may also be changing payments each month because of the interest rates.

Fixed rate loans are very common because they are guaranteed to have the same payment amount each month. If you are on a budget this is a smart way for you to go.

Adjustable rate loans are different from fixed rate loans because they do not go up and down with interest rates. You should not worry however because they usually have a cap on them which will not allow your payment to go above a certain percentage.

There are also a few types of the most popular home loans. If you plan on getting a commercial loan, you will need to research the different types of loans that are out there to help you.

Some of the loans will have low payments for the first year or so and then once your business is off and running the payments may increase so that you can pay the loan off faster.

If you plan on getting a loan, you need to discuss your options with the broker that you choose and get the best deal for you.

## **What is a Second Mortgage?**

Most everyone has heard of a friend or someone complaining about having to take a second mortgage out on his or her home but you are not sure what that is right?

The actual term for this is called a home equity loan. This is very common and many people can use it for whatever they want or need.

A home equity loan is going to mean that you use the house you have for collateral just like a normal home loan. There are many types of home equity loans to choose from and you need to make sure that you have the one that fits your needs the best.

You can use it for college bills, home repairs and many other things. You will need to have great credit in order to get this type of loan.

Having a closed end type home equity loan will allow you to have a lot of money right away and you will not get another loan until this one is completely paid in full.

The amount of money that you receive is going to depend on how much your home is valued at, your income and credit score. A closed end loan will come as a fixed rate and you have up to fifteen years to pay it in full.

Having an open-ended home equity loan is a little bit different. This type of loan will allow you to borrow money when you want it no matter what.

The loan officer will set you up with a line of credit and this will always be there. It will be based on the same factors as the closed end type of loan. They will have adjustable rate and you can make the payments or ten, fifteen, or even thirty years.

Why do you think they are called second mortgages? You are adding another loan payment to your monthly bills and you are using your home as collateral. It might be very tempting, but you really need to weight your options before taking one out.

## **Knowing Sub Prime Mortgages**

It may sound funny saying Sub prime Mortgage. However it is going to have many benefits to anyone looking for a home

loan.

A sub prime mortgage is going to have a higher interest rate than the other loans because people who need it usually have bad credit or a low credit score.

The higher interest rates do make people pay more for their home but there are also some benefits.

Some banks will offer a prime and sub prime mortgage due to the fact they know their community better and some jobs are not so great. The prime mortgages will need to ensure the monthly payments.

It may be frustrating or even embarrassing to go to a bank in your town and ask for a loan. This is why you might want to choose a sub prime lender.

One benefit of a sub prime mortgage is that you do not have to take time to raise your credit score before you can purchase. This can take years off your payments and building your credit and many do not have this kind of time.

Some may realize that they made late payments on certain bills and now they know how important paying on time is. Not everyone will have bad credit by not getting his or her bills paid on time.

There are wives and husbands that are just not responsible and they may hurt their partners credit even if they go through divorce.

Using a sub prime mortgage can mean a new beginning for many homebuyers.

## **The Option of ARM Mortgages**

Having options when you get a home loan should be something that you are interested in. You will need to choose from one of the many different types of payments that are available.

Having an Arm can really make it easier for you to manage your bills.

The option of an ARM is made up to help people who are looking for a short-term ownership of the home and they want to have flexible monthly payments.

This is a good option for people who want to buy property and fix it up to sell right away. They can make a good profit this way.

One of the better benefits of ARM is that more people can get qualified for it where some other loans are harder to get.

This is nice to have a low introductory payment rate so that you have smaller payments. There are a few ways that you can set up your payment plan. You can choose from the methods that fit your needs the best.

The minimum payment method will keep your payments very low for the first year and keep the interest down too.

One thing is that after the year is over, your payments are going to rise excessively. One the first year is over, you can continue to make the minimum payments but it may not cover the interest like it once was.

This may surprise some people, but if you do not meet your sale deadline, you did not listen to the real estate agent very well.

There is also a loan that has interest only. Does not sound good right? Well this keeps the interest from being deferred back to the principle but the payments will change each month depending on the interest rates at the present time.

The type of plan like this is not always available if the minimum payment is higher than this type of payment.

The option of ARM will give you the choice of many different programs. You need to talk to your lender and real estate agent to see what is going to work best for you.

## **What is Private Mortgage Insurance?**

When you buy your first home, it can be a very confusing time. However you will also be excited about getting into your new home. There is no better feeling like being about to call a home your own and do whatever you want with it.

You can do whatever you want with your home when you own it and this is why the type of mortgage you receive is so important.

Life is going to happen no matter what we do to try and stop

it. Sometimes we are not able to make our payments all the time. This is where the private mortgage insurance is going to come into play.

When you first purchase your home, some lenders will expect you to pay a larger sized down payment of at least 20% or get some type of insurance loan protection called private mortgage insurance.

This type of insurance coverage will protect the lender in case you are not able to make the monthly payments. This insurance does not take care of anything else.

If your home would burn down or something else would happen you better make sure that you have some other type of homeowner's insurance. This is only going to take care of payments if you are not able to afford them.

If you do not need it, private mortgage insurance is not something that can hurt you. No job is guaranteed to always last and if you are not able to make your payments, you will not have to worry about losing your house. It is always better to be on the safe side.

**For more information on mortgages click the links below :**

**[The DIY Mortgage Loan Modification Kit](#)** : A Step By Step Kit With Video Tutorials Created By Industry Experts That Arms Homeowners With The Vital Information Needed In Order To Successfully Complete Their Own Loan Modification.

**[Pay Off ALL Your Mortgage In Less Than 10 Years](#)**