

Home Loans

If you are in the market for a home mortgage loan, the following information will be of help in your decision making process. There are a few things you should determine before embarking upon the process of shopping for a home and a mortgage loan.

You should first make a determination of your wants and needs. How much home do you want to purchase? You must then balance your wants against your financial capabilities. Other questions are:

What percentage do you plan to pay for a down payment? What kind of monthly mortgage payment, including all associated taxes and insurance can your monthly budget support? When you know what you can afford to pay each month, you need to determine the type of loan you are interested in securing.

The options for potential homeowners have grown in recent years because of the many different types of loan programs available. The two major categories of home loans on the market in terms of financing options are the fixed rate mortgage, and the adjustable rate mortgage (ARM). There are a variety of options available to the consumer within both of these loan types.

With a fixed rate mortgage, you obtain the benefit of a guaranteed interest rate for the life of the loan. The most common loan periods for fixed rate mortgages are the 30 year and 15 year terms. If you are interest in paying off your mortgage in a shorter period of time and can accommodate somewhat higher monthly payments, the 15 year term might be your best choice. The 30 year term, the most popular home loan product, gives the advantage of smaller monthly payments. The only downside is that you end up paying more interest over the life of the loan than with the 15 year term product. There are also other loan periods available for fixed rate loans among many mortgage providers, such as 20, 25, 40 and even 50 year term loans.

An adjustable rate mortgage (ARM) loan offers the consumer the ability to have smaller initial monthly payments than the fixed rate loans provide. The interest rate on an ARM loan is smaller at the beginning of the loan and is often fixed for a specified period of time, such as 2, 5, or 7 years. At the end of the fixed period, the interest rate on the loan is then subject to certain market indexes and may increase in the following subsequent years. There usually is a cap on how much the interest rate can increase each time it adjusts, often about 2%. This type of increase, though, can substantially increase your monthly mortgage payment. Therefore when choosing an ARM mortgage be sure and verify that you will be able to make the maximum monthly payments that could occur due to possible interest rate increases.

When choosing the type of loan product that will best suit your needs, the following should be considered. First is the affordability of the monthly payments you are accepting. A general rule of thumb in the industry is that your total monthly debt which includes your mortgage payment should not exceed 36 percent of your total monthly

income. It is a good idea to have this figured out roughly in your mind before going in to shop for a home and mortgage. This way you will know your boundaries in terms of an acceptable monthly payment for your budget.

Another consideration is how long you plan to stay in your home. Sometimes this can be unknown, but if you have a good idea of your length of stay, this can help you make a decision on what type of loan to purchase. If your plans are to move out in a few years, an adjustable rate mortgage with its initial low interest rate may be an attractive option. On the other hand, if you plan on staying in your home for many years to come, the stability and predictability of a fixed term mortgage loan will probably be your best choice.

Shopping for a mortgage loan these days has become much easier than it was years ago. Because of consumer demand, mortgage lenders have made their services available over the internet. They understand that consumers desire to shop and review their options from the comfort of their own homes without the initial pressures associated with visiting a lending institution or talking to a mortgage dealer by phone.

Your available options as a potential mortgage buyer can easily be identified through the capabilities of online mortgage shopping. Many more options can be considered simultaneously online that can be done in the conventional ways of the past. You as the consumer can now obtain multiple mortgage quotes online, and compare them side by side.

If you are in the market, and are ready to begin shopping for the right home mortgage for to meet your needs, the link below will lead you to the right Resource.

Get started now by clicking the link below, and you will be able to shop around for the right product and obtain multiple free, no obligation home mortgage loan quotes.

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