

Home Mortgage Loan : Things You Need to Know

Home Mortgage loan can be an important event in your life. It will help define your credit history from that point on. Moreover, a home mortgage loan will help you to save equity in your house. Thus, it is important for you to know everything relevant about a home mortgage loan so that you can make the best possible decision. Home mortgage loans are classified in two ways:

- 1) Fixed Rate Home mortgage: In this type of a mortgage, the interest rate is fixed and thus your monthly payments will not change. This means that if you get a house mortgage for 20 years and your monthly payment is \$760, then you will continue to pay \$760 every month for 20 years.
- 2) Variable Rate Home Mortgage: This is a type of a mortgage in which your interest rates will vary. Usually your interest rates will be reappraised every 1 to 3 years. In this type of a mortgage, your monthly payments can change and you may end up paying less. However, you will need to take into account economic crisis etc. as in those situations you may end up paying more.

As far as the functionality of the home mortgage loans are concerned, there are two main types of mortgage.

- 1) Primary (First) Mortgage: This is the mortgage that you get, when you first buy your house. This mortgage will continue until you either pay off all your mortgage debt on the house or until you sell the house. When you sell the house, you will be responsible for paying off your debts so that the deed can be transferred to the new owner. If you default on your payments, then you may face a foreclosure on the house by the bank.
- 2) Equity Loan(Second Mortgage): This is the loan that you can get based on the amount of equity that you have on the house. It is called the second mortgage, as the creditor will be the second holder of the house, after the first creditor for the first mortgage. This type of a loan is generally used for debt consolidation purposes.

Now whenever you are thinking of getting a mortgage, then you should review your options carefully. Whether you are getting your first mortgage or a home equity loan doesn't matter. You have many options that are available to you and you should use them to the fullest of your ability. You should search various banks and lender institutions for competitive interest rates. This is important as the mortgage will be with you for 10 to 30 years and thus it is not a light decision to make. You should review all of your options carefully. If possible, hiring a mortgage broker can help you solve your problems easily. This way you can make sure that you are getting all the information that you need in order to make well informed decision. In addition, you can save substantial money in the process.

About the Author

If you are planning to get a home loan, then you should check out [Home Mortgage](#) or [Home Mortgage Loan](#) for the best options.

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