

Home Loans: How Long Do I Have to Pay Them Back?

When you want to buy a home you have to start looking into home loans as this is the only way that most people can afford to buy a home. When you are looking at a \$200,000 home you may be looking around loving the home but wondering how long you will have to pay off the loan. If you have never dealt with this type of loan before you may be wondering how you can make affordable payments, but rest assured it can be done. Even those who are on a very tight budget can buy a home and have it be just as affordable, if not more so, than renting.

Paying Back Home Loans

How long you have to pay back home loans is truly dependent on the type of loan that you choose to apply for and accept. There are many different types of loans out there for you to choose from and one of the things that you may have some control over is the length of the loan.

You may be a bit worried about how you will pay off a \$200,000 in five or six years, if you are thinking in terms of a car loan but rest assured home loans have longer terms to make them more affordable to you. The most common length of a mortgage is 30 years. During this time you will be paying on the purchase price of the house, which is also known as the principal and then you will be paying interest. Your interest amount will be set by your lender and will either be fixed or will be adjustable, depending on the type of loan that you qualify for and accept.

While the 30 year mortgage is the most common there are also home loans that have 10 and 15 year terms, too. The benefit to these terms is that you will own your home in substantially less time. The reason why many people do not choose these loan terms is that their monthly payment is significantly higher. For instance, if you have a \$30 year loan and your payment is \$1200 per month and you wanted to know what you would pay if you had a 15 year loan term, you could assume that you would be paying \$2400 instead. If you could afford this increase this may be a good option for you, but many people cannot afford this much of a monthly payment and that is why they opt for the 30 year mortgage.

In addition to the 10, 15, and 30 year loans there is also the 40 year option. This is not an option that is offered with all loan programs and it definitely is not offered by all lenders. It has only been in recent years that the 40 year terms have been offered and many people have found that while it takes longer to pay off a home, this is a more affordable way to buy because it decreases the monthly payment significantly.

As you can see, you will have plenty of time to pay off your mortgage. You do not need to pay off your mortgage in five or six years the way you do with a vehicle, instead you could have as long as 40 years, which will give you the opportunity to own a home affordably.

About the Author

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