Title:
Exotic Mortgage

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Summary:
With real estate prices ever on the rise, first-time home buyers are facing more difficulties

Keywords:
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Article Body:
With real estate prices ever on the rise, first-time home buyers are facing more difficulties

Mortgage lenders have acknowledged the problem by creating new and innovative mortgage product

The latest and most exotic mortgages out there include:

1. The 40-Year Mortgage
2. The Portable Mortgage
3. The Interest-Only Mortgage
4. The Negative Amortization Mortgage
5. The Flex-ARM Mortgage
6. The Piggy Back Mortgage
7. 103s and 107s
8. Home Equity Line of Credit
9. Loan Modification Mortgage
10. Short-Term Hybrids

1. The 40-Year Mortgage

This is similar to a 30-year fixed rate mortgage, except the payment is being stretched over a

A 40-year mortgage gives you lower monthly payments than a 30-year loan, while allowing you to

But by extending the length of the mortgage, you are increasing the amount of interest paid on

These mortgages are best suited for first-time home owners who don't plan to live in the home

2. The Portable Mortgage

E*Trade has a program called Mortgage on the Move. It allows a home buyer to lock in a low int

When interest rates are low - and looking to rise - locking in a rate for the next 30 years is

But interest rates for portable and second mortgages are higher than for standard loans. You m

This product is good for those who know they will move in a few years, but still want to lock

3. The Interest-Only Mortgage

With an interest-only mortgage, the lender allows the borrower to pay only the interest for th

This gives you a smaller monthly payment during the interest-only repayment period, and during

But if home prices don't rise, your equity won't build during the interest-only years. When yo

This type of mortgage is great if you know for sure that your income will rise significantly i

4. The Negative Amortization Mortgage

This interest-only type of mortgage allows a buyer to pay less than the full amount of interes

This gives you the option of a much smaller monthly payment during the first years of a loan.

But, this is probably the most risky mortgage available. If the value of your home falls, you

These loans are great for those with large cash reserves who need to make lower payments durin

5. The Flex-ARM Mortgage

This is a cross between a hybrid ARM, which offers a low fixed interest rate for the first fiv

The bank handles all of the calculations for you. But if not used wisely, you could owe more o

A Flex-ARM is good for those who prefer to have options. The borrower should have large cash r

6. The Piggy-back Mortgage

This is actually two mortgages, one on top of the other. The first mortgage covers 80% of the

In most cases, borrowers choose a piggy-back mortgage because it allows them to put less than

Homeowners should expect to pay a higher interest rate on a second mortgage. The rates you pay

Piggy-back mortgages are a good fit for young professionals with reasonably high salaries, but

7. 103s and 107s

You may not need to save for a down payment at all. You could borrow 3% or 7% more than your h

These loans give you the option of borrowing money needed for closing costs and moving costs.

The interest rates for these mortgages are high. You run the risk of negative equity if your h

If you have large cash reserves that work better for you in the stock market than in investing

8. Home Equity Line of Credit

These aren’t just for those who own a home! They are commonly known as HELOCs, and they can fi

HELOCs can offer more attractive interest rates. You can also use the equity you build in your

HELOCs are usually structured for 10 to 20 years, instead of 30. The interest rate is variable

If you want to pay off your home quickly, but need the ability to access your equity at any ti

9. Loan Modification Mortgage

This mortgage allows you to change your terms whenever you want, all you have to pay is a $1,0

You can expect to pay about 3/8th of a percentage point higher interest rate.

People who like to follow interest rates can call and have their rate changed when interest ra

10. Short-Term Hybrids

These mortgages are much like traditional hybrid ARMs with fixed-rate periods and then interes

The interest rates are very low for the fixed portion of the loan, making the initial monthly

But six months or a year is not a very long period of time, but rates can change dramatically

People who plan to flip a house or move in a very short period of time are good candidates for