

Interest Only

Pay Just the Interest For a designated period of time, you pay only the interest portion of your loan and not any of your principal. When the introductory period ends, your monthly payments are adjusted upward and your loan amortized over the remaining years of mortgage. Because your payments are lower in the first years of your mortgage, you may be able to close on the house that you want, instead of the one you can currently afford with a conventional mortgage. Often, at the end of the interest only term, homeowners refinance and close on a mortgage that reflects their current borrowing power. An interest only mortgage can help you lower your monthly payment, leaving more money in your budget for other investments and expenses. You may choose to forgo building equity during the initial years of your mortgage and assume that your home will build value through appreciation. You can still choose to make payments to the principle of the loan at any time. Be advised that if you try and sell your home before you build equity in it, you could risk getting little or no money from the sale. Unless you are reasonably certain that you can afford larger payments in the future, you may want to consider other options.

Interest Only Fixed Rate: Interest only fixed rate loans offer the flexibility and benefits of an interest only loan with the peace of mind of a fixed rate loan. During the first phase of your loan, you are only required to pay an interest only payment on your mortgage. This phase can be either ten or fifteen years. Your payments are lower than a fully amortizing loan during the initial phase because you are paying only the interest on the loan. You have the option to pay more towards the principle balance during the interest only period if you choose. After the initial interest only period, phase two of the loan will include the payment of both principal and interest for the remainder of the loan term. You will continue to have the peace of mind of a fixed rate loan. At the time you close on your fixed rate interest only loan, you will know exactly what your payments will be for the entire life of your loan since your interest rate will never change. Market conditions will not affect your payment as occurs with adjustable rate mortgages. Request a Free Consultation or Apply Now

No Application Fee, No Obligations