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Home	News	Sports	Real Estate	Lifestyle	Columns	Community	Classifieds
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15-year fixed-rate mortgages are hot!



By Scott Sheldon September 29, 2011 10:19 am

Fixed-rate mortgages are quite competitive right now; many are seeking 15-year fixed-rate mortgages. Actually, you can obtain a 15-year fixed-rate mortgage loan under 4 percent. Homeowners looking to benefit from mortgage financing tend to look at 30-year mortgages as the benchmark home loan to take out.

Consider a 15-year fixed-rate mortgage for two reasons:

- You automatically slash your mortgage in half
- You automatically accelerate interest savings

The payments are not much higher than a 30-year fixed relative to the interest rate. For example, on a \$150,000 15-year fixed home loan today at a rate of 3.5 percent the monthly payment is \$1072.32.

That's cheap money.

If you are in a 30-year fixed-rate mortgage right now, and you took out a mortgage years ago, your interest rate is likely 5 percent or higher. If your original loan amount was \$200,000 at 5 percent, the monthly payment is \$1073.64 per month. Put another way, you could have a 15-year payment with a lower interest rate for the same payment you have on a 30-year mortgage. Moreover, the loan would be paid off in 15 years instead 30 years.

How's that for mortgage interest savings? Pretty substantial, right?

A 15-year fixed-rate mortgage is a smart choice for consumers looking to be "mortgage-free" in 180 months.

The 15-year fixed-rate mortgage does have a higher monthly payment, almost double that of the 30-year fixed. However, you are also on an accelerated amortization schedule and right out of the gate, your principal balance starts dropping - fast.

So while the monthly payment is higher, the long-term benefit is saving hundreds of thousands of dollars of mortgage interest saved over the life of the loan.

If you're in the market for a new mortgage loan, consider a 15-year fixed-rate mortgage. The 15-year fixed-rate mortgage loan will allow you to own your home much sooner.

Call a mortgage lender today, let them do the math and you will see why 15-year fixed-rate mortgages are red-hot.

Scott Sheldon is a local lender who helps with refinancing. Read more at www.sonomacountymortgages.com/2011/06/02/still-refinance/#ixzz1SbFRSopJ

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