

## Fixed Rate Mortgages

The most common type of mortgage program where your monthly payments for interest and principal never change. Property taxes and homeowners insurance may increase, but generally your monthly payments will be very stable.

Fixed rate mortgages are available for 30 years, 20 years, 15 years and even 10 years. There are also "biweekly" mortgages, which shorten the loan by calling for half the monthly payment every two weeks. (Since there are 52 weeks in a year, you make 26 payments, or 13 "months" worth, every year.)

Fixed rate fully amortizing loans have two distinct features. First, the interest rate remains fixed for the life of the loan. Secondly, the payments remain level for the life of the loan and are structured to repay the loan at the end of the loan term. The most common fixed rate loans are 15 year and 30 year mortgages.

During the early amortization period, a large percentage of the monthly payment is used for paying the interest. As the loan is paid down, more of the monthly payment is applied to principal. A typical 30 year fixed rate mortgage takes 22.5 years of level payments to pay half of the original loan amount.

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