

Less Common Mortgage Options





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Sometimes the more common fixed or adjustable rate mortgages aren't advantageous or aren't available because of your circumstances. Here are some less common mortgage alternatives and their characteristics.

Graduated Payment Mortgages		Growing Equity Mortgages	
<ul style="list-style-type: none"> • Fixed interest rate • Medium risk • Low monthly payments increase over 5-10 years, then level off for remainder of term (usually 30 years) • Initial low payments can result in negative amortization during early years of the loan 		<ul style="list-style-type: none"> • Formalized prepayment method • Medium risk • Payments rise over 5-10 years, then level off for remainder of term • Excess payment applied to principal • Fixed interest rate usually lower than conventional fixed rate mortgages 	
Balloon Mortgages		Energy Efficient Mortgages	
<ul style="list-style-type: none"> • High risk • Low interest • Short term (3-10 years) • Large final payment 		<ul style="list-style-type: none"> • Provides borrower with special incentives when purchasing a home that's energy efficient, or is remodeling with energy-saving improvements • Decrease in energy costs • Green technology adds to resale value • Must get home inspected by professional home energy raters 	
Seller-Financed Mortgages			
Seller-Financed Mortgages		Wraparound Mortgages	
<ul style="list-style-type: none"> • Medium risk • Seller acts as lender • Terms are negotiated between you and the seller 		<ul style="list-style-type: none"> • Medium risk • Seller acts as lender • Terms are negotiated between you and the seller • Your mortgage payment repays both seller's original mortgage and any additional amount seller financed for you • Interest rate higher than on seller's mortgage but often lower than conventional fixed rate mortgages 	

Caution: The Consumer Financial Protection Bureau's qualified mortgage rules discourage lenders from issuing mortgage loans with negative amortization, interest-only payments, or balloon payments, except in limited circumstances.

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