

**MIRALEX MORTGAGE INC.**

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**Interest Only Mortgage**

With the increase in real estate values, interest only mortgage loans are becoming increasingly popular. This is not to be confused with a negative amortization mortgage loan, also known as neg am, which may in fact include an interest only payment option.

Interest Only Purchase and/or Refinance loans, construction loans during construction and home equity lines of credit are all based on interest only loans.

Option arms (an other name given to neg am mortgage loans) are based on a start rate that is normally adjusted every month, while the payment is adjusted on an annual basis. These loans may very well offer the option of making an interest only payment which is based on the current month's adjusted interest.

Since the option arm mortgage does have the option of an interest only payment it may very well be a substitute for a regular interest only mortgage if your intention is short term ownership.

Interest Only Mortgages are based on a variety on programs, including but not limited to fixed rate, 3/1 ARM, 5/1 ARM and 7/1 ARM. The interest only period of the loan does not normally extend to the full life of the loan but is limited to something like a 10 year period, after which the mortgage converts to a fully amortized version, amortized over the remainder of the life of the loan.

Shopping for an interest only mortgage loan can be tricky, like all new products, lenders take advantage of the average shopper's ignorance and sell programs that can harm your pocket book in the long run. Settle on the program that interests you and then put all the details on a piece of paper and use that sheet of paper to compare with others.

Home Equity Lines of credit are also based on interest only payments for a specified period of time after which they convert to a fully amortized loan over the remainder of the life of the loan during which time draw privileges are waived.