70 Ways for Home Buyers to Save Money When Buying a Home: Tip #13

Tip #13 in our series of 70 ways to save money when buying a house is to get an adjustable rate mortgage for lower payments and less paid in interest while you live there.

According to the National Association of Realtors, most people move every 5-7 years. So that means that you too could be moving out of the house you are now buying in as little as 5-7 years.

Maybe you will grow out of the house, or you are forced to move because of your job/business, or you want to go to a different school zone.

If you think you might be moving, it is a good idea to consider an adjustable mortgage instead of a fixed rate mortgage.

The rate and payments will be lower in the beginning, and then move up and down depending on the market.

There are also fixed/adjustable loans that will remain fixed at a certain rate for several years, 1, 3, 5 or 7. And then start adjusting.

The rates and payments on these loans are lower than 30 year or 15 year fixed mortgages. So when you move, you will have paid a lower payment every month, and less interest.

Adjustable mortgages are easier to qualify for as well.

So let us say that you will or you think you will be moving in 5 years. You can get a mortgage that has a fixed rate for say 7 years and then adjusts every year after the seventh. That way you know that while you are living in the house, your payment will not increase. And you have a two year cushion incase you do not move in five years.

This payment will still be lower then a fixed mortgage payment. Plus since the payment is lower you will pay less in interest every month. Interest rates on adjustable rate mortgages are usually lower then fixed rate mortgages as well.

And like I said earlier, adjustable rate mortgages are easier to qualify for. This means that you can actually but a more expensive house with an adjustable rate mortgage than you could with a fixed rate mortgage and still have the same monthly payment.

Chances are you are going to move anyway, so why not get the best of both worlds? A loan that is cheaper then a fixed, but fixed for the length of time you need it. When you move, you will sell the house and pay off the loan anyway. A real win-win for you.

Save money every month on the payment, and get a bigger and better house. All without the worry of having your payments go up.

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