



## Article Side

Should you go for a 15 or 30 year mortgage? by [Apil Gupta](#)

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There are many times in life when one wants to possess something due to the sheer need of it, but is unable to do so. One of these most imperative requirements is that of a home. However, with a multitude of mortgage plans that can be availed from numerous lenders. But along with such a tremendous choice also comes confusion, and the most frequent one among the long list is deciding the time period of the mortgage. Generally, 15 and 30 year mortgage rates are among the most sought after ones. A detailed analysis of both the cases follows.

The best way to know whether a 15 or 30 year fixed interest rate would suit your budget more, let's take a simple example. For instance, you want to purchase a TV worth \$800. There are two financing options – First, you can pay \$250 every month over a period of four months, and the second is that you can pay \$200 every month for six months. The second case here refers to a situation wherein you have gone for 30 year fixed interest rate mortgage, while the former is the 15 year mortgage, i.e., although the monthly payments are lower in the second case, the overall amount paid in the first case (with lesser time period) is \$1000, while the same for a period of six months is \$1200. This is precisely the reason one needs to sort his/her priorities out before taking the final call on 15 or 30 year mortgage rates.

Let's take the case of a 30 year mortgage. The first benefit is that monthly payments are less than that of a 15 year mortgage, so home-owners who can't afford to pay a higher sum every month can heave a sigh of relief. Also, one can get a larger mortgage with a 30 year fixed interest rate compared to the same in case of 15 years. And lastly, there are some situations when one simply does not have a choice than to go for a 30 year mortgage!

Coming to the downsides of going for this kind of mortgage, one has to pay for 15 extra years, which is not a small time period by any means. One could easily save tens of thousands of dollars by picking a 15-year over 30 year mortgage rates, money that can be utilized for other purposes. However, the picture is not all that rosy in case of a 15 year mortgage as well. Sure, one can have total and undisputed ownership of the house in a shorter span of time, so to speak, but a heavier monthly payment also means that one might have to sacrifice, or at least compromise on, many of the desires in the coming 15 years. Of course, this would not be the case if you are having a handsome income.

So that's it, all there is to know about choosing between the two options is now known to you. Make sure that you take an informed decision, since it has the power to change the next 15-30 years of your life.

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