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Refinance Second Mortgage, 2nd Mortgage Rate

A second mortgage simply means that the amount you borrow is secured by your property, in second preference to your first mortgage. Some lenders call it secured loan. 2nd mortgage loans are loans that are made in addition to the first mortgage, and it is usually based on the amount of equity that the borrower uses to build into his home.

Second mortgage used to be hard to get up until a few years ago, lenders had decreased the amounts and limited the situations that enabled you to purchase 2nd mortgages, the situation now is different. There are now a wide selection of loans available to meet your needs, and it's much simpler to get a second mortgage on your home.

Second Mortgage and Home Equity Loan.

The amount you can borrow is depends on the difference between the value of the property and the amount of your first mortgage. Better known as the equity you have on your property.

There are two types of second mortgages:

1. Home equity loans.
2. Home equity lines of credit.

Home equity loan is a loan in which the borrower uses the equity in his home as assurance. Home equity loans are a lump sum loan with a fixed interest rate and a planned payment. The amount of loan is determined by credit history, income, and the value of the collateral. People with poor credit can get bad credit personal loan or bad credit home equity loan, but they pay a very high interest rate.

The home equity line of credit is a tool used by homeowners who need to borrow against the equity in their home. There are several different types of home equity lines of credit. These differences are generally based on the interest rate charged the homeowner.

Home equity line of credit is similar to a credit card, you don't get the money in one lump sum, what you get is a line of credit to use it when you need it. Line of credit will have a variable interest rate, the homeowner cannot know what the interest payment will be. The interest rate on the loan will vary to the same degree as the interest rate set by the Federal Reserve Board

Second Mortgage Interest Rate:

The are two types of mortgage loans: fixed rate mortgage, and adjustable rate mortgage(ARM).

In a fixed rate mortgage,the interest rate remains fixed for the life of the loan. The borrower is protected from sudden increases in monthly payments if interest rates grow. Borrowers choose fixed rate mortgage when interest rates are low.

In a adjustable rate mortgage(ARM),the interest rate may change during the life of the loan.

If you intend to live in your home more than just few years and you like the financial stability of a fixed payment, Than fixed rate mortgage is the right loan for you.

But, If you Plan to briefly remains in your home, Don't afraid from monthly payment change, And you firm your income will increase in the future, Than adjustable rate mortgage is the right loas for you.

Adjustable rate loans have cleverly protected borrowers money in recent years.

According the msn money expert fixed-rate mortgage are much higher than the Adjustable Rate Mortgages.

The second mortgage interest rate are a bit higher than 1st mortgage rate. But the interest paid on the second mortgage may be tax deductible. In most cases the accumulated interest is 100% fully deductible as long as the combined loan to value of the first and second mortgage does not exceed the price of the home.

Borrowing more than 80% of the home's value will subject the borrower to private mortgage insurance. The

monthly payments should also be a determining factor. If one refinances in the future, he will have to pay off the 2nd mortgage.

The amount borrowed will be combined with the amount the borrower still owes on his first mortgage. But first of all, one should not take a second mortgage on his home unless one has arranged payments on the primary mortgage balance for a good amount of time. One may be able to get a second mortgage if one does not have much equity, but then the loan rates will be much higher, and the amount will be much lower.

While acquiring a second mortgage loan the lender places a lien on the borrowers house. This lien will be recorded in second position after the primary or first mortgage lender's lien, hence the current term second mortgage. Typically the terms of the loans are for 5, 10 or 15 years, which means that you can choose monthly repayment in accordance with your circumstances.

Debt Consolidation, Home Improvements

Since the loan is secured the interest charged is very competitive compared to other loans, especially credit card loans. Generally, there are no restrictions on the way you use the money. You are free to use it as you please, from debt consolidation to home improvements, from college education to buy a second home or even a dream holiday, a second mortgage loan can be used for just about anything.

Usually, lenders are eager to lend money to home owners because the loan is secured and the borrower has already passed a stringent credit worthiness when he applied for the first mortgage.

One more things, freedom and speed. Second mortgage put you in the driving seat and in charge of your own finance affairs in the fastest way possible. Come on, you can do it.

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