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## **What are Mortgages?**

**Nearly everyone who buys a home takes out a loan to do it. And nearly everyone refers to the loan as his or her mortgage.**

**Actually, a mortgage itself is simply a document you sign and give to the lender, allowing the property to be used as security for the loan until you pay it off. In some areas, they call “mortgages,” “deeds of trust.”**

**But the term “mortgage” is almost universally used to refer to the loan. Home loans secured by mortgages are what make it possible for so many people to be homeowners, because very few of us have the cash to buy a home outright.**

**There was a time when such loans came only in plain vanilla - the interest rate was fixed, and the only term of the loan varied, usually from ten to thirty years.**

**Today there are many more options for financing a home. The interest can be fixed, or can be offered at an adjustable rate. For adjustable-rate-mortgages (called ARMs), the rate can change at certain intervals depending on certain national economic indexes.**

**There are even hybrid combinations of fixed-rate and ARM mortgages. In these, the loan can be converted from one form to another after a certain period of time.**

**Harrison, page two**

**In other words, consumers are no longer limited to a one-size-fits-all mortgage loan. There are different loan packages to meet different consumer needs. Young, first-time homebuyers might want a mortgage with relatively low payments in the early years, increasing over time as their income increases.**

**Corporate executives who must sell their home and move every three or four years might want one of the hybrid loans that offer lower interest rates during the first few years.**

**Ask your Real Estate Agent to help you set up an interview with a lender who can show you the loan package that is right for you.**

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