

Land Loans With Long Term Fixed Rates Why Should I Choose One?

Question:

Why should I choose a fixed, long term rate over a short term variable rate on my Land loan?

Answer:

Very simply, complete security. The longer you can fix an interest rate on a land loan, the longer you can guarantee your payment.

Within this crazy time in the land loan lending world, there is definitely a lot of unknowns. Will the interest rates for land loans be going down and how long before they sky rocket up? What will happen with values of land and will this continue to be a good investment? Definitely these are all valid concerns. So, why not take out the risk and secure yourself with a land loan that you will know exactly what the payment will be for the length of the term.

If land loan rates in the future will begin to rise, you can be assured that your rates will always be the same. If you choose a short term, variable land loan, security is only temporary. It will be a constant guessing game as to what will the rates do next and when should I refinance. What is worse is if you wait too long often times you will not have a choice and that rate may be much higher than your original rate.

So what if I did lock in a long term rate on my land loan and the interest has gone down considerable? Simple answer then is to refinance and lock in your rate long term again. Using a long term fixed rate takes out the guessing game. Never do you have to worry about the unknown and what your payment amounts could become. Rather, it is secured by a payment you know you can afford and will always stay the same.

Lenders specific to land loans can often put you in a long term land loan product with only slightly higher rates compared to a short term land loan product. Because of this, there is really never a justified reason to have a short term variable rate on your land loan. Make the correct choice and solidify your future with a long term fixed rate that gives you comfort in always knowing what your payments will be.

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