

Why 50-Year Mortgages Aren't Coming Anytime Soon — And Why You Probably Wouldn't Want One Anyway

Every few months, some media outlet announces the "next big thing" in real estate — usually with lots of graphics, dramatic music, and very little accuracy. Recently, some headlines claimed that a 50-year mortgage and portable interest rates were about to sweep across America and change the housing market forever.

I asked **Jaxzann Riggs**, owner of **The Mortgage Network**, for her insights on these two topics and her response was a chuckle... followed by this quick explanation:

In the United States, mortgage products exist within a framework of regulators, lenders, investors, and agencies like Fannie Mae and Freddie Mac. These groups all care about risk, long-term stability, and — yes — common sense.

A 50-year mortgage just doesn't check those boxes.

Here's why lenders aren't jumping on board:

Longer terms mean higher risk. The longer a loan stretches, the more that can happen economically and personally. Lenders and investors don't love uncertainty.

Most borrowers move every 7 to 10 years. A 50-year term is like buying a gallon bottle of ketchup when you're moving next month. It's unnecessary and a little absurd.

It ties up capital for too long. Investors who fund mortgages want predictable re-

turns. A 50-year runway is too long to be appealing to lenders.

But let's say the media is right and that 50-year loans arrive tomorrow. You probably won't want one, and here is why:

- ◆ **You'd pay dramatically more interest.**
- ◆ **Your equity** would build at a glacial pace.
- ◆ **The monthly payment savings aren't** nearly as magical as the headlines suggest.

Let's compare payments based on a \$550,000 loan at 6.125%

- ◆ **30-year mortgage** — Payment (principal & interest): ~\$3,343/month
- ◆ **50-year mortgage** — Payment (principal & interest): ~\$3,070/month

That's a difference of roughly **\$273 per month**.

Now, \$273 is nothing to sneeze at, but here's the part the flashy headlines leave out:

You'd shave only 8% off your payment but add **20 extra years** of repayment.

And the total interest you'll be paying?

- ◆ **30-year loan** total interest: roughly \$653,000
- ◆ **50-year loan** total interest: roughly \$1,298,000

That's **double the interest** for such modest monthly savings. You're paying an extra **\$645,000** over the life of the loan — the financial equivalent of paying for two houses but only getting one.

And don't forget one of the primary benefits of homeownership, equity increase. The early years of a mortgage are heavy on interest and light on principal. Stretch that over

50 years, and the principal barely budges for a very long time.

If you're hoping to build equity, refinance later, or use your home as a long-term wealth-building tool (as in a Reverse Mortgage), a 50-year loan works against you, not for you.

Yes, we would all love to have a portable rate, but that is also not right around the corner.

A portable rate means you take your mortgage rate with you when you move, like a favorite suitcase.

Unfortunately, our U.S. system isn't built like that. Mortgages here are funded, packaged, and sold in the secondary market. Your mortgage isn't designed to be unplugged from one house and snapped onto the next one.

For that to change, the entire securitization system would need to be redesigned — and that's not happening over morning coffee.

Jaxzann concluded with "I'm all for innova-

tion in the mortgage industry, especially when it helps real families, but the recent chatter about 50-year mortgages and portable rates is media enthusiasm, not mortgage reality."

For now—and likely for a long time—the solid, predictable 30-year, 15-year or carefully crafted adjustable-rate mortgage will likely be the workhorses of American homeownership.

If you would like to discuss a mortgage strategy for your next purchase or refinance, call Jaxzann at **303-990-2992**.

I Am Back From Our 55-Day Cruise

Rita and I returned Tuesday night from our cruise of over 40 Mediterranean ports, most of which we had never heard of before. I blogged about it every single day so that Rita and I can relive the experience (and so can you!) by going to the following website: WhereAreJimandRita.substack.com. I am happy to be "back in the saddle!" Soon I'll write a post about key takeaways from it.

REAL ESTATE TODAY



By JIM SMITH
Realtor®

Price Reduced on Wyndham Park Ranch Siding to Greenbelt

This 4-bedroom/3-bath home at **6060 Deframe Court** is now listed at only **\$864,750**. It has been beautifully updated and adjoins a peaceful greenbelt. It features hardwood floors and vaulted ceilings with an open floor plan. The updated kitchen includes a dining area with a large bay window and pantry. Find more info and a narrated video tour at www.GRElistings.com.



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This hilltop Victorian sits on 2.58 acres with exceptional privacy, panoramic views, and ideal access to both Boulder and Denver. Enjoy 360° vistas from the wrap-

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