

BORROWING OPTIONS: MORTGAGES

Definition

The term “mortgage loan” refers to a loan secured by real estate. When you take out a mortgage loan, you borrow money from a lender and agree that real estate will be collateral for the loan. You sign a mortgage document that grants the lender a lien on the real estate. If you fail to repay the loan as agreed, the mortgage document gives the lender the right to foreclose (take) and sell your real estate to pay off the balance on the mortgage loan.

Prerequisites:

- Typically need a good credit history to qualify for a mortgage loan
- Typically need a down payment
- Need sufficient income to service mortgage payments

Key strengths:

- Interest rates are often lower than other types of loans
- Terms are typically 15 to 30 years
- Many different types of mortgage loans are available

Key tradeoffs:

- You can get stuck with a mortgage loan that is larger than the value of the home
- Your freedom to use the home is limited
- Most mortgages are not negotiable

Variations from state to state

- Contract and real estate law varies from state to state

How is it implemented?

- Obtaining a mortgage loan typically involves a significant amount of paperwork and may require a lawyer

© Copyright 2011, Forefield, Inc. All rights reserved.

Atlantic Trust Private Wealth Management includes Atlantic Trust Company, a division of Invesco National Trust Company (a limited-purpose national trust company) and Stein Roe Investment Counsel, Inc. (a registered investment adviser), both of which are wholly-owned subsidiaries of Atlantic Trust Group, Inc.

Reprinted with permission from Forefield, Inc. Atlantic Trust and Invesco are not affiliated with Forefield, Inc. While Atlantic Trust believes the information presented in this article to be reliable and current, Atlantic Trust was not involved in writing the article and cannot guarantee its accuracy. Further circulation, disclosure, or dissemination of all or any part of this material is prohibited. This article is provided for educational & informational purposes only and is not an offer of investment advice or financial products.

There is no guarantee that these views will come to pass. Past performance does not guarantee future comparable results. To ensure compliance with requirements imposed by the IRS, we inform you that any U.S. federal tax advice contained in this communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein. Atlantic Trust does not provide legal advice, and the information contained herein should only be used in consultation with your legal, accounting and tax advisers.

Investment Products Offered are Not FDIC-Insured, May Lose Value and are Not Bank Guaranteed.

For Public Use 2011

Atlanta 404 881 3400 **Chicago** 312 368 7700 **New York** 212 259 3800

Austin 512 651 7800 **Denver** 720 221 5000 **San Francisco** 415 433 5844

Baltimore 410 539 4660 **Houston** 713 214 7640 **Washington, D.C.** 202 783 4144

Boston 617 357 9600 **Newport Beach** 949 660 0080 **www.atlantictrust.com**

ATLANTIC TRUST

PRIVATE WEALTH MANAGEMENT