

50 Year Mortgage – Yay or Nay?

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The Bay Insider
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50 Year Mortgage

Amanda
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Against

Ying
=
For

Ying's Opening Argument

- 50 year mortgage is just an additional financing option
- Not replacing 30 year, adjustable rates, or any other existing options
- Helps first-time home buyers where affordability is an issue
- Lower monthly payment can shift renters into owners
- Predictable monthly payment and avoid rent increases
- Better cash flow in the short term
- Could increase homeownership

Potential issues with 50 year mortgage

- Individual level
- Societal level

Loan Example

Purchase & Loan Assumptions

- Purchase Price: **\$1,700,000**
- Down Payment: **20%**
- Loan Amount: **\$1,360,000**
- 30-Year Rate: **6.24%**
- 50-Year Rate: **6.74%** (0.5% premium assumption)

Loan Example

Monthly Principal & Interest

Loan Type	Rate	Term	P&I (actual)
30-Year Fixed	6.24%	360 mo	\$8,365/mo
50-Year Fixed (same rate)	6.24%	600 mo	\$7,402/mo
50-Year Fixed (+0.5%)	6.74%	600 mo	\$7,913/mo

Actual Taxes + Insurance

Property tax (1.18% of \$1.7M):
\$1,673/mo
Insurance (\$4,000/yr):
\$333/mo
Combined Tax & Insurance:
\$2,006/mo

Loan Example

Actual Total Monthly Payment

Loan Type	Monthly Principal & Interest	Taxes & Insurance	All-In Monthly Payment
30-Year @ 6.24%	\$8,365	\$2,006	\$10,371
50-Year @ 6.24%	\$7,402	\$2,006	\$9,408
50-Year @ 6.74%	\$7,913	\$2,006	\$9,919

Interest Over the Life of the Loan

Loan Type	Total Interest Paid
30-Year @ 6.24%	\$1.65M
50-Year @ 6.24%	\$3.48M
50-Year @ 6.74%	\$3.39M

Equity Build Up in 5 Years

Loan Term	Equity Build
30-Year	\$90,000
50-Year	\$19,000

Far slower wealth-building

Raise Housing Prices

- Buyers using increased monthly affordability to bid higher
- More competition in low-inventory markets like SF

Could worsen already-tight supply/demand issues

Ying's Counterpoint

- SF prices rise historically regardless
- Other factors drive price increases more:
 - a. Tech wealth
 - b. Inflation
 - c. Limited land for development
 - d. Supply constraints
- Mortgage products are just one factor out of many

Behavioral Risk (Amanda's Concern)

- Buyers focus on short-term affordability, not long-term cost
- Similar to subprime crisis behavior
- People may unknowingly take on long-term risk

Other Factors Affecting the Market

- AI Money
- Back to Work Policy
- Supply and Demand

At a higher level

- As a country, we have a debt issue
- Extremely high level of individual credit card debt/personal debt
- Education or behavior change needs to happen
- Risky behaviors can happen today, with or without 50 year mortgage option

Market Crash Scenario

If a downturn hits (example: -25% prices):

- Slow equity growth = more buyers underwater
- Mass underwater loans → macroeconomic risk

Ying's Rebuttal

- Rent builds zero equity
- Underwater valuation is only a problem if selling
- Housing is a long-term utility, not just investment
- Risk depends on buyer expectations + holding period

Shared Ground

Both agree:

- Works only for specific buyer situations
- Should NOT be broadly recommended
- Education + responsible advising is key

When a 50-Year Loan Makes Sense

- Buyer expects future income growth
- Temporary entry tool → sooner refinance
- Used with intent to prepay principal

When It Should Not Be Used

- Buyers stretching budget recklessly
- People planning to keep loan full term
- Buyers relying on appreciation to bail them out

50 Year Mortgage

- Should not be offered as a blanket solution
- Need to understand buyers risk tolerance
- Transparency + individualized financial advice required

Summary

Pros

- Lower monthly payments
- Predictable monthly payment
- Home ownership becomes reachable for some

Cons

- High interest cost
- Slow equity growth
- Upward pressure on price
- High risk in a downturn

Feel Free to Reach Out!



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