**Mortgages**

A mortgage is a loan used to purchase or maintain a home, plot of land, or other real estate. The borrower agrees to pay the lender over time, typically in a series of regular payments divided into [principal](https://www.investopedia.com/terms/p/principal.asp) and [interest](https://www.investopedia.com/terms/i/interest.asp). The property then serves as [collateral](https://www.investopedia.com/terms/c/collateral.asp) to secure the loan.

A borrower must apply for a mortgage through their preferred lender and ensure that they meet several requirements, including minimum [credit scores](https://www.investopedia.com/terms/c/credit_score.asp) and [down payments](https://www.investopedia.com/terms/d/down_payment.asp). Mortgage applications undergo a rigorous underwriting process before they reach the closing phase.

**Types of Mortgages**

**Fixed-Rate Mortgages**

The standard type of mortgage is fixed rate. With a [fixed-rate mortgage](https://www.investopedia.com/terms/f/fixed-rate_mortgage.asp), the [interest rate](https://www.investopedia.com/terms/i/interestrate.asp) stays the same for the entire term of the loan, as do the borrower's monthly payments toward the mortgage. A fixed-rate mortgage is also called a traditional mortgage

**Adjustable-Rate Mortgage (ARM)**

With an [adjustable-rate mortgage (ARM)](https://www.investopedia.com/terms/a/arm.asp), the interest rate is fixed for an initial term, after which it can [change periodically](https://www.investopedia.com/articles/personal-finance/022117/can-mortgage-company-change-terms.asp) based on prevailing interest rates. The [initial interest rate](https://www.investopedia.com/terms/i/initial-interest-rate.asp) is often below market, which can make the mortgage more affordable in the short term but possibly less affordable long-term if the rate rises substantially.

ARMs typically have limits, or caps, on how much the interest rate can rise [each time it adjusts](https://www.investopedia.com/terms/p/periodiccap.asp) and [in total](https://www.investopedia.com/terms/l/lifetimecap.asp) over the life of the loan.

**Interest-Only Loans**

Other, less common types of mortgages, such as [interest-only mortgages](https://www.investopedia.com/terms/i/interestonlymortgage.asp) and payment-option ARMs, can involve complex repayment schedules and are best used by sophisticated borrowers. These loans may feature a large balloon payment at the end.

Many homeowners got into financial trouble with these types of mortgages during the [housing bubble](https://www.investopedia.com/terms/h/housing_bubble.asp) of the early 2000s.

**Reverse Mortgages**

As their name suggests, [reverse mortgages](https://www.investopedia.com/mortgage/reverse-mortgage/) are a very different financial product. They are designed for homeowners aged 62 or older who want to convert part of the equity in their homes into cash.

These homeowners can borrow against the value of their home and receive the money as a lump sum, fixed monthly payment, or line of credit. The entire loan balance becomes due when the borrower dies, moves away permanently, or sells the home.

**Average Mortgage Rates (So Far for 2024)**

Mortgage rates sank to historic lows in 2020 and 2021, recording their cheapest levels in almost 50 years. From roughly the start of the pandemic (i.e., April 2020) to Jan. 2022, the 30-year rate average wavered below 3.50%—including an ultimate low of 2.65%.

But 2022 and 2023 saw mortgage rates skyrocket, it crossed 7% threshold for the first time in Oct. 2022, and this past October, it was closer to 8%, In the months since then, the 30-year mortgage rate has fluctuated, dropping by more than a percentage point in Feb. 2024 and surpassing 7% again in April and May 2024.

**Latest Mortgage statistics in 2024**

* **Americans owe $12.14 trillion on 84.0 million mortgages.** That comes to an average of $144,593 per person with a mortgage on their credit report. Mortgages represent 70.2% of consumer debt in the U.S.
* **Additionally, Americans owe $349 billion on 13.1 million home equity lines of credit (HELOCs).**That equates to an average of $26,702 per account. Outstanding HELOC debt represents 2.0% of U.S. consumer debt.
* **The average interest rate for a 30-year, fixed mortgage in 2023 was 6.79%.**
* **Americans originated $1.1 trillion in new mortgage debt in the first three quarters of 2023.** 77.4% of that was issued to super-prime borrowers with credit scores of at least 720, while 3.6% was issued to subprime borrowers with scores below 620.
* **The average size of a home purchase mortgage obtained through the LendingTree platform in the 12 months ending in October 2023 was $224,398.**Average loan sizes were highest in Hawaii ($464,994), the District of Columbia ($355,986) and Massachusetts ($309,490). They were lowest in West Virginia ($150,245), Iowa ($153,405) and Michigan ($160,707).
* **In the second quarter of 2023, 2.0% of mortgages — or 1.1 million residential properties — were “underwater.”**That means that the outstanding mortgage balance is greater than the estimated sale price of the home.

**Auto Loans**

An auto loan is a type of secured loan for purchasing a car or other vehicle. The vehicle itself serves as collateral for the loan and can be repossessed by the lender if the borrower defaults. Auto loans today come in many different terms, or lengths, typically ranging from 36 to 72 months, but sometimes up to 96 months.

The primary factors determining the loan amount are the vehicle price and the interest rates available to the borrower

* Auto loans are a common way to buy new or used cars today and are widely available from banks, credit unions, and other sources.
* Credit score can play a major role in the interest rate to be paid.
* Loan rates are also affected by such factors as the size and length of the loan and the value of the car.
* The longer the loan term, the lower the monthly payments may be, but the more pay in total by the time the loan ends.

**Trends in Auto Loan Debt**

The COVID-19 pandemic has had widespread effects on the auto industry, including:

* Disrupted new vehicle production
* Changes in consumer spending patterns
* Unprecedented rises in new and used vehicle prices
* Auto loan debt held by Americans rose to a record $1.62 trillion in the first quarter of 2024.
* **Auto loan debt is the second-largest category behind mortgages.**Overall, Americans owe $1.616 trillion in auto loan debt, according to the Federal Reserve Bank of New York, accounting for 9.2% of American consumer debt.
* **Americans took out $165.5 billion in new auto loans in the first quarter of 2024.** By age, Americans younger than 50 took out $93.9 billion in auto debt during the first quarter, according to the New York Fed, compared with $67.1 billion among those 50 and older.
* **Americans are taking many years to pay back their auto loans.** The average auto loan term is 67.6 months for new cars, 67.4 months for used cars and 36.1 months for leased vehicles, according to Experian.
* **Auto loan delinquency rates are up compared to last year.** 4.4% of outstanding auto debt was at least 90 days late in the first quarter of 2024, according to the New York Fed, up 13.4% from the first quarter of 2023. Meanwhile, the percentage of auto loans that fell to 30 days past due was 7.9% in the first quarter of this year, up 15.4% from 6.9% in the first quarter of last year.
* **Borrowers with prime credit scores are responsible for the majority of retail vehicle financing.**Borrowers with credit scores of 661 and higher account for 68.9% of retail vehicle financing, according to Experian, versus 15.8% for subprime borrowers with credit scores of 600 or lower.
* **The most popular vehicle model’s consumers considered buying on the LendingTree platform in the first quarter of 2024 were the Ford F-150, Tesla Model Y and Chevrolet Silverado 1500.**Four Toyota models were among the top 10.