



Your Mortgage PLANNER

with Jamie H. Harrington, President

NOT ALL ARMs ARE THE SAME

Lenders are always looking for new ways to help buyers get into the home of their dreams. One of the most common tools used by lenders today is the adjustable rate mortgage (ARM). The interest rate on an ARM changes periodically to reflect changes in the national market. Since the loan starts out with a lower interest rate than the national average, lenders can reduce the borrower qualification criteria.

Not all ARMs are the same, however. One way to distinguish between ARMs is by the national index to which they are tied. Some ARMs are tied to a slow-moving index called the cost-of-funds index; these are usually the most desirable. ARMs which are tied to a more volatile index, such as Treasury Notes, can be adjusted upward at a quicker rate.

You need to look at all the factors before choosing a loan. For example, a loan which is tied to Treasury Notes may start out with lower rates and lower monthly payments, but a slower index ARM may eliminate your concern about having to refinance down the road.

If you would like to discuss what type of mortgage loan will work best for you, call Jamie Harrington at 828-632-0650 for an appointment. United Carolina Group, Inc., is located at 340 NC Highway 16 S. in Taylorsville.

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