



Your Mortgage PLANNER

with Jamie H. Harrington, President

MORTGAGE REFINANCING CAN STOP PAYMENT INCREASES

There's bad news and good news on the mortgage front. The bad news is that interest rates are continuing to rise and monthly payments for homeowners holding adjustable-rate mortgages (ARMs) are ominously increasing. The good news is that despite slowly rising rates, currently available interest rates are still at historically low levels. And borrowers who hold ARM loans can refinance with a secure fixed-rate mortgage at very favorable rates.

A particularly popular option for borrowers who want to exchange their ARM with a fixed-rate loan is the 15-year fixed mortgage. "Mortgage rates are drifting upward following the release of the recent Consumer and Producer Price Indexes that came in at the upper end of market expectations for inflation," said Frank Nothaft, chief economist for Freddie Mac, a major buyer of existing home mortgages.

"Even though lenders are offering greater interest rate discounts on ARMs, the rate savings has declined relative to fixed-rate mortgages. The ARM share of applications has dipped to 32 percent. If the Fed continues to raise short-term rates, the ARM share will likely decline further," Nothaft said. Another popular option for borrowers wanting more protection from rising mortgage payments but still need a low interest loan is the five-year Hybrid ARM. With these mortgages, the rate is fixed for the first five years, then reverts to a one-year ARM for the remainder of its term.

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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