

Which Mortgage is Right for You?

PROGRAM	Loan Characteristics	Appropriate for borrowers who:
FIXED RATE MORTGAGE (30,10,15,10 years)	<ul style="list-style-type: none"> Interest rate & monthly payment remain the same for the entire term of the loan 	<ul style="list-style-type: none"> plan to live in property more than 10 years like total payment stability
10/1 YEAR ADJUSTABLE RATE MORTGAGE	<ul style="list-style-type: none"> Interest rate & monthly payment remain the same for 10 years Starting the 11th year, interest rate adjusted every year, so payment is subject to change every year for remainder of loan 	<ul style="list-style-type: none"> plan to live in property more than 10 years like initial payment stability, can accept later changes <p style="text-align: center;">OR</p> <ul style="list-style-type: none"> plan to move within 10 years want loan to remain in force in case plans change
7/23 (2-Step) or '30 due in 7' MORTGAGE	<ul style="list-style-type: none"> Interest rate & monthly payment remain the same for 7 years Conversion option: On the 8th year, interest rate adjusted to reflect prevailing interest rates, resulting payment will remain the same for remainder of loan 	<ul style="list-style-type: none"> plan to live in property more than 10 years can tolerate one payment adjustment <p style="text-align: center;">OR</p> <ul style="list-style-type: none"> plan to move within 7 years want to remain in force in case plans change

**7/1 YEAR
ADJUSTABLE
RATE
MORTGAGE**

- Interest rate & monthly payment remain the same for 7 years
Starting the 8th year, interest rate adjusted every year, so payment is subject to change every year for remainder of the loan

- plan to live in property more than 7 years
- like initial payment stability, can accept later changes

OR

- plan to move within 7 years
- want loan to remain in force in case plans change

**7 YEAR
BALLOON
MORTGAGE**

- Interest rate & monthly payment remain the same for 7 years
- At the end of 7 years, loan is due in full. Borrower must refinance into new loan at prevailing interest rates

- plan to live in property more than 7 years
- are willing to refinance at prevailing market rates

OR

- plan to move within 7 years
- like payment stability

**5/25 (2-Step)
or
'30 due in 5'
MORTGAGE**

- Interest rate & monthly payment remain the same for 5 years
Conversion option: On the 6th year, interest rate adjusted to reflect prevailing interest rates, resulting payment will remain the same for remainder of loan

- plan to live in property more than 5 years
- can tolerate one payment adjustment

OR

- plan to move within 5 years
- want loan to remain in force in case of plans change

**5/5 & 5/1 YEAR
ADJUSTABLE
RATE
MORTGAGES**

- Interest rate & monthly payment remain the same for 5 years
Starting the 6th year, interest rate adjusted every 5 years (for 5/5 ARM) and every year (for 5/1 ARM)

- plan to live in property more than 5 years
- like initial payment stability, can accept later changes

OR

- plan to move within 5 years
- want loan to remain in force in case plans change

**5 YEAR
BALLOON
MORTGAGE**

- Interest rate & monthly payment remain the same for 5 years
At the end of 5 years, loan is due in full. Borrower must refinance into new loan at prevailing interest rates

- plan to live in property more than 5 years
- are willing to refinance at prevailing market rates

OR

- plan to move within 5 years
- like payment stability

**3/3 & 3/1 YEAR
ADJUSTABLE
RATE
MORTGAGES**

- Interest rate & monthly payment remain the same for 3 years
Starting 4th year, interest rate adjusted every 3 years (for 3/3 ARM) and every year (for 3/1 ARM)

- plan to live in property more than 3 years
- like initial payment stability, can accept later changes

OR

- plan to move within 3 years
- want loan to remain in force in case plans change

**1 YEAR
ADJUSTABLE
RATE
MORTGAGES**

- Interest rate adjusted every year, so monthly payment is subject to change every year for entire 30 year loan term

- want to take advantage of lowest rate possible
- are willing to accept yearly payment changes

OR

- cannot qualify at higher rate programs