

# ADJUSTABLE RATE MORTGAGES

VS.

# FIXED RATE MORTGAGES

## What's Right for You?

You've found the home of your dreams—now you just need to pay for it. In most cases, there are two distinct loan types to choose from when you make a home purchase: **adjustable rate mortgages** and **fixed rate mortgages**.

*Read on to learn the pros and cons of each so you can make the best possible decision.*



### MICHAEL ROGERS

- Only plans on living in home short-term
- Anticipates interest rates will decline



### MARIA BUTLER

- Plans on living in home for many years
- Anticipates interest rates will rise

## How Do the Loans Work?



### YOUR INTEREST RATE AND MORTGAGE PAYMENTS CAN CHANGE OVER TIME.

Your interest rate and mortgage payment will be dependant on market fluctuations.



### INTEREST RATE IS FIXED AT THE TIME THAT YOU SECURE YOUR HOME LOAN.

If you have an interest rate of 4% today, you will have the same interest rate of 4% on the last year of your mortgage, too.

## Pros & Cons



**YOUR INITIAL PAYMENTS MAY BE LOWER THAN FIXED-RATE LOAN**



**YOU MAY QUALIFY FOR A LARGER LOAN**



**YOU MAY TAKE ADVANTAGE IF INTEREST RATES DROP**



**YOUR MONTHLY PAYMENT CAN CHANGE FREQUENTLY AND DRASTICALLY OVER THE LIFE OF THE LOAN.**

*In some cases, interest rates can nearly double in a few years*



**YOUR MORTGAGE PAYMENTS REMAIN CONSISTENT**



**YOUR INTEREST RATE WILL NOT FLUCTUATE, PROTECTING YOU IF RATES RISE**



**YOU WILL NOT BE ABLE TO TAKE ADVANTAGE OF FUTURE LOWER INTEREST RATES WITHOUT FINANCING**



**IT IS MORE DIFFICULT TO QUALIFY WHEN RATES ARE HIGH**

## Which Loan is Right for Me?

**HERE ARE A FEW THINGS TO CONSIDER WHEN DECIDING WHICH LOAN IS THE BEST FIT FOR YOU AND YOUR NEW HOME:**

- How much can you afford per month? Even if rates rise?
- How long do you intend to live in the home you are purchasing?
- Do you anticipate interest rate trends to continue?

Taking the time to do your research, understand your loan and make an informed decision could save you thousands of dollars down the road. If you have questions about what loan type might be right for you, speak with one of our participating lenders.

*You can find a list at [www.nchfa.com/home-buyers/find-lender](http://www.nchfa.com/home-buyers/find-lender).*

Think home ownership is out of your league?

**THINK AGAIN.**

See if you are eligible and learn more at [www.nchomeadvantagemortgage.com](http://www.nchomeadvantagemortgage.com)

