

## Which mortgage is right for you?

The 30-year, fixed-rate mortgage used to be your only option. Not anymore. Today's home buyers have many choices. Here's a glance at some of the most common.

### Sizing up your choices

- **30-year fixed:** Interest rate and monthly payments stay the same during the loan's 30-year period. Monthly payments are lower than for a shorter-term mortgage, but you pay more interest over the life of the loan.
- **15-year fixed:** Interest rate and monthly payments stay the same during the loan's 15-year period. Total interest is usually less, but monthly payments are larger and income requirement may be higher than for longer-term loans.
- **Traditional adjustable-rate mortgages (ARMs):** Interest rate is fixed for less than 3 years, then adjusts periodically according to a specified price index. Initial interest rate can be up to 3 percent lower than a fixed-rate mortgage. But when interest rates go up, so do payments.
- **Hybrid ARMs:** Initial fixed-rate period is 3 years or longer, then switches to an annually adjusted ARM. Lengthy fixed-rate period offers longer protection against rising interest rates, but initial fixed rate is higher than with a traditional ARM.
- **Interest-only ARMs:** Loan converts to an adjustable-rate mortgage after an initial period in which you pay only the interest portion based on a fixed rate. Good for those expecting to move before the principal comes due or who expect their incomes to rise quickly.

— MORTGAGE BANKERS ASSOCIATION

### Charlotte Home Appreciation

*Slow and steady is the Charlotte way when it comes to home appreciation. Area homes depreciated once since the late 1970s, in 1983. The area's biggest appreciation, 14.38 percent, occurred between the fourth quarter of 1979 and the fourth quarter of 1978.*

