



4 TIPS TO HELP YOU DECIDE IF YOU SHOULD BUY A HOME

Q: What is the difference between a fixed-rate loan and an adjustable-rate loan?

A: With a fixed-rate mortgage, the interest rate stays the same during the life of the loan. With an adjustable-rate mortgage (ARM), the interest changes periodically, typically in relation to an index. While the monthly payments that you make with a fixed-rate mortgage are relatively stable, payments on an ARM loan will likely change. There are advantages and disadvantages to each type of mortgage.

Q: How do I know which type of mortgage is best for me?

A: There is no simple formula to determine the type of mortgage that is best for you. This choice depends on a number of factors, including your current financial picture and how long you intend to keep your house. Call your trusted mortgage professional to request a consultation.

Q: How much cash will I need to purchase a home?

A: The amount of cash that is necessary depends on a number of items. Generally speaking, though, you will need to supply:

- **Earnest Money:** The deposit that is supplied when you make an offer on the house
- **Down Payment:** A percentage of the cost of the home that is due at settlement
- **Closing Costs:** Costs associated with processing paperwork to purchase or refinance a house

Q: What does my mortgage payment include?

A: For most homeowners, the monthly mortgage payments include three separate parts.

- **Principal:** Repayment on the amount borrowed
- **Interest:** Payment to the lender for the amount borrowed
- **Taxes and Insurance:** Monthly payments are normally made into a special escrow account for items like hazard insurance and property taxes. This feature is sometimes optional, in which case the fees will be paid by you directly to the County Tax Assessor and property insurance company.