

## choosing between fixed and adjustable rates

How do you choose between fixed and adjustable rates?

There is risk involved in selecting an adjustable rate mortgage, or ARMs, because rates may go up. On the other hand, a fixed-rate loan offers good protection against rising interest rates but the borrower is stuck with the initial rate if interest rates drop.

Statistics show that home buyers who have chosen ARMs since 1981 have saved thousands of dollars. For a period, the percentage of home buyers applying for ARMs rose substantially, then buyers and homeowners began flocking to fixed-rate loans.

Whether to opt for a fixed or adjustable rate mortgage is a matter of personal choice. The first route offers stable payments; the second offers lower initial payments.

Another consideration is the length of time a buyer plans to own the home. If you're planning on moving within three or four years, an ARM makes sense even if rates do nothing but rise during that period of time.

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