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## Breaking News Regarding Your Finances!

You either have an Adjustable Rate Mortgage (ARM) or know someone who does. Over the last few years, the number of consumers who chose an ARM in lieu of a Fixed Rate Mortgage grew to nearly two out of five people in some months, as short term interest rates were at all time lows.

Concern is growing in Washington and among many mortgage lenders regarding whether those with ARMs will be able to handle the payment increase they'll experience when their loan resets to the new minimum payment required. CNBC reported last week that over \$1 TRILLION in mortgages are scheduled for adjustment in 2007 alone. Are you one of the several million homeowners who will suffer this fate?

Many ARM programs, particularly those with Option ARMs, offer the ability to make interest-only payments or payments that are less than the full amount of interest due each month. In these cases, the mortgage balance will either remain the same or **increase** with each payment a homeowner makes. According to Wall Street experts, 70% of homeowners opted to make the minimum payment required when given the option to do so.

### What does this mean to me?

Those with ARMs that are scheduled to reset in the next 12 months could see minimum payment increases of anywhere from 50% to over 100%!

According to the *San Francisco Chronicle*, the nation's largest lender is now alerting borrowers by letter to the potential payment shock they could soon experience. The letter reportedly explains that a borrower with a hypothetical loan amount of \$402,000 and a fully indexed interest rate of 7.60%, could be making a minimum monthly payment of \$1,348.47. If this loan were to be reset at today's rates, the full payment required would increase to \$2,887.50.

This borrower's payment would increase by more than 114%!

If you have a Home Equity Line of Credit (HELOC), the interest rate in effect for this loan has increased 4.25% in the last two years, more than doubling the required payment for some homeowners. Those with a HELOC balance of \$50,000 have seen their payment increase nearly \$200.00 in that time frame.

### What should I do?

Pull out your mortgage statement. Examine not only the payment requirements but also the interest rate that's currently in effect. If you have an ARM, you need to know the index and the margin. These will determine the interest rate you'll be charged when your loan is scheduled to adjust.

Those with Option ARMs could soon see their interest rates increasing to over 8.00%.

### Interest Rates for Fixed Rate Mortgages are very attractive!

Fixed interest rates are the lowest they have been in six months. If you were waiting for rates to dip before considering refinancing, THE TIME TO ACT IS NOW!

**Call me today and I will prepare a FREE Analysis to see if a new mortgage program could benefit you. Even if you don't have an ARM, be sure to forward this information on to a friend or family member who does to alert them and save them some pain.**

