

Got Questions? ...We expect lots of questions

The old saying, “the only dumb question is the one you don’t ask” couldn’t be truer when it relates to your mortgage.

Because the more you ask, the more you know. And the more you know, the better decisions you’ll make when getting a mortgage or refinancing your existing mortgage. So know your mortgage options and know them well.

When you are considering getting a mortgage, the difference between being well informed and barely understanding your choices can be costly. For example, settling for a 30-year fixed rate mortgage when you should have gotten a lower rate with an ARM (Adjustable Rate Mortgage) can cost you several hundred dollars a month, on average, or several thousands of dollars over the life of your loan!

Or, conversely, getting an ARM when you should have gotten a fixed-rate mortgage can cause potential problems down the road when your rate adjusts or you need to refinance. Knowing which mortgage is best for your situation can save you headaches and what some call pocket-book shock.

So, when you are ready to sit down to figure out the best loan for your particular situation, have some information ready. This will help us find you the absolute best mortgage possible.

Before sitting down to discuss your mortgage, have some questions ready. Some of the questions you should ask might be:

- How long do you plan on staying in your home?
- Do you think your income will grow substantially in the next 3-7 years?
- Do you plan on starting (or growing) your family in the next 3-7 years?
- Do you put money in a 401k or other long-term investment?
- Are property values rising or declining in your area?
- In order to pay a lot less interest down the road, can you afford a slightly higher payment with a 20-year mortgage vs. a typical 30-year mortgage?

You might be wondering — “why does it matter how long I plan on staying in my house” or “why does it matter if property values are rising in my area” — here’s why. If you know for a fact that you are only planning on staying in your home for 7 years or less, you can almost always get a lower rate and lower payment (and therefore save money) with an ARM over a fixed rate. However, rates do vary and market conditions do fluctuate, so professional advice is paramount.

Or, if you unfortunately live in an area with declining property values, you might want to stick to the security of a 30-year fixed rate. That way, when the housing market rebounds and prices rise

again (which will happen if history is any indicator), you have equity built into your home and you can sell it for a nice profit. On the other hand, if you are lucky enough to live in an area with rising values, your equity grows by itself and you really don’t need to worry about paying off the principal.

To ensure you get the best mortgage for your particular situation, always ask questions, get the answers, ask more questions, and then make your decision. If you think you’ll be moving or refinancing in the next few years, you may want to consider getting an ARM. If you know you won’t be moving or refinancing soon, then you may want to consider the always popular 30-year fixed rate loan.

Whatever type of loan you decide to choose, with the right information, you’ll make the best decision and save yourself the most money in the long run. Isn’t saving a lot of money worth asking a few questions?

Do you have lots of questions? We welcome questions. Call our office today to schedule an appointment.

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The Top Ten Skills Every Homeowner Needs!

Have you ever wondered what the ten most valuable skills are for being a homeowner? According to a story that ran in the Detroit Free Press recently, here are the top 10 things a homeowner should know in order to maintain and improve their home. This is especially true if they hope to sell it in the current buyer's market.

Pay heed to this list, dear readers, if you are a homeowner or plan on buying a home anytime soon. These skills can save you a lot of money, allowing you to do-it-yourself and make your home appear well cared for. This can make a huge difference if you plan on selling your home. Houses that have an appearance of being well-maintained have a big advantage over homes that don't in today's ultra-competitive housing market.

Here are the recommended top ten homeowner skills (in no particular order of importance — they all are important):

1. **REPLACE A DOOR LOCK** — Pretty much self explanatory. Either you know how to remove a broken lock and install a new one correctly (and safely) or you don't.
2. **CHANGE FURNACE & AC FILTERS** — Know the sizes, where they are and change them on a regular basis. This will keep your energy costs down and your equipment running more smoothly.
3. **KNOW HOW TO FIND YOUR MAIN WATER CUTOFF** — Don't wait for a disaster before you find out you don't know how to shut off your water.
4. **FIND A WALL STUD** — If you want to hang or mount heavy items on your walls — i.e., TVs, large portraits, stereo equipment, etc. — you'll need to know how to find studs or risk a messy and potentially dangerous (and costly) accident.
5. **KNOW HOW TO USE HOLLOW WALL ANCHORS** — For the smaller stuff, you don't need to worry about finding a stud, but you'll need to know how to mount things without damaging your walls.



6. **INSTALL A CEILING FAN** — Ceiling fans are always worth the investment and make your home more appealing to potential buyers. Need we say more?

7. **KNOW HOW TO CORRECTLY INSTALL DRYWALL SCREWS** — This can come in handy if you need to repair your drywall. Knowing how to install the screws and replacement pieces will save you a bundle of cash and some headaches when repairs are necessary.

8. **CORRECTLY USE A CAULKING GUN** — This is almost a skilled trade and comes in extremely handy when doing cosmetic repair work, especially in bathrooms. The difference between a well-done job and a sloppy job can be huge. Don't give the impression your home isn't well taken care of. Learn how to apply caulk evenly and correctly.

9. **KNOW HOW TO SEAL STAINS** — Learn how to successfully cover over stains on your walls. Again, the difference between a home that has the appearance of being well-maintained and one that doesn't can often boil down to a few stains on the wall.

10. **REPLACE THE INSIDE MECHANISM OF YOUR TOILET** — Nothing is worse than a leaky toilet or one that suddenly flushes on its own. This can send your water bill skyrocketing upwards and frankly is a waste of clean water — a scarce resource in many places around the country. Fixing your toilet is not difficult. Learn how.

Learning and mastering these ten skills will make you a better homeowner and allow you to keep your home well maintained and beautiful. Spend a little time and discover how to do this stuff. You won't regret it and it will give you the know-how to keep your home in tip-top shape.

When the day comes when you want to sell, you'll be way ahead of the game and at the front of the pack. And in today's market, that's an advantage you definitely want to take with you to the starting gate.

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From the Inside: Paying Student Loans With Equity

If you're a college graduate with student loans, you probably envision having to pay your debts for years to come. While the prospect of becoming debt-free seems like a pipe dream, it can happen much sooner if you manage your debt intelligently. But does smart debt management include using a home equity loan to pay off your student loans? Like anything in the financial world, this option has a variety of pros and cons.

Lower rate, tax deductible interest

At first glance, consolidating your student loans into a home equity loan seems like a no-brainer. Because a home equity loan uses your property as collateral, banks can offer it at a lower rate than most private student loans. The lower rate alone can save you thousands of dollars in long-term interest payments, and you also get added tax benefits. Interest paid on a home equity loan is tax-deductible, which will lower your overall costs.

A home equity loan is a fixed-rate, fixed-term loan. The fixed rate can be extremely appealing, as private student loans often include variable rates. If you're conservative with your money, eliminating uncertainty may help you sleep better at night.

A home equity line of credit (HELOC), which is a line of credit based on the equity in your house, will also help you pay off your student loans. As an added bonus, you can use the HELOC as an emergency source of funds if you get into a crunch.

Notice the rewards; consider the risks

Choosing a home equity loan to repay your student indebtedness has plenty of rewards, but you do need to be aware of the risks. While you may gain a tax deduction for interest paid on your home equity loan, you'll lose the deduction that comes with student loan interest. Ask your mortgage professional to run the numbers for you to see which loan benefits you the most.

The future for most college graduates will include years of debt payments. Between mortgages and student loans, it may seem like you'll be mired in debt until the end of time. However, smart management of these debts — such as paying off your student loan with a home equity loan — can save you thousands of dollars. Understand your options, and you'll be on your way to a debt-free life.