

A CALL FOR CAUTION!

Even with interest rates modestly climbing, it's still a good time to purchase a home. In addition to "conventional" loans like fixed or adjustable rate mortgages, there is an increasing variety of "exotic" mortgages available, such as negative amortization and option payment adjustable-rate mortgages, just to name two.

Not every real estate agent is a loan specialist, but an agent can begin the discussion, and can recommend a lender to guide you. Since agents work so closely with mortgage specialists, the National Association of REALTORS® has teamed with the Center for Responsible Lending to provide a valuable publication for homebuyers.

"Shopping for a Mortgage? Do Your Homework First" can be found on NAR's website at realtor.com and on the CRL website. The brochure provides information about the risks and advantages of specialty loans.

While these loans have helped more buyers realize the dream of homeownership, there can be risks. Some specialty mortgages can increase 50% at the end of the "introductory period." You may discover that you've accepted a loan for more home than you can afford.

"Interest only" mortgages represented a few percent of all loans a few years ago, but now account for nearly 25% of home loans. Perfect for some, risky for many, it can be easy to qualify but difficult to budget. It's best to begin your home search with professional advice.

RF06A09