

# Your Finances

## Tips On “Fixing” A Problem Mortgage

by John Addison

(NAPSA)—There’s good news for homeowners who fear their mortgage may hold a shocking surprise.

Unless you hold a fixed-rate mortgage, you could be among the millions of Americans who experience “rate shock” when the interest rates on their mortgage adjust in the coming months.



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The worst-case scenario, for some, is that they could be forced to sell their home or lose it to foreclosure when they can no longer meet their monthly mortgage payment.

Fortunately, there are ways to protect yourself—and your home. Start by finding out the following information:

- The maximum interest rate you can be charged
- The maximum your interest rate could rise at one time
- The index that is used to determine your interest rate
- Your original interest rate
- How often your interest rate can change.

If your mortgage is an Adjustable Rate Mortgage (ARM), interest-only or other type of loan, you could be at risk for a substantial increase in your monthly mortgage payment. Could you handle an increase of 50 percent in your house payment? According to *The Wall Street Journal*, that’s what some homeowners with interest-only loans could be facing when rates adjust. Experts say that in some cases, ARM borrowers may not even know the maximum rate they can

• An Adjustable Rate Mortgage (ARM) is a mortgage in which the interest rate is not fixed but can change over the life of the loan.

• A Hybrid Loan is a combination of a fixed and adjustable rate loan.

• An Interest-Only Loan is a mortgage in which interest payments are the only current obligation.



be charged if rates should climb.

Many homeowners are finding that the safest way to protect their home is to refinance into a fixed-rate loan. Because the interest rate stays the same during the life of the loan, a fixed-rate loan can often take the guesswork and, in some cases, the anxiety out of your home loan payment.

For many, the path to less-stressful homeownership may start with a review of the terms of their current mortgage. If your interest rate can adjust upward, consider refinancing into a fixed-rate loan.

The guidance of a financial professional can often be helpful when making changes such as these. For example, the financial professionals at Primerica have created a guide that shows you how to take control of your financial life. To get a copy of “How Money Works,” write to Primerica, 3120 Breckinridge Blvd., Duluth, GA 30099, ATTN: Corporate Relations or call (770) 564-6329. For more information, visit [www.primerica.com](http://www.primerica.com).

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