Title:
Adjustable Rate Mortgages ˘ How they work

Word Count:
546

Summary:
Many homebuyers choose adjustable rate mortgages for the initial financing on their home purch

Keywords:
finance, loan, dept, home, consolidation

Article Body:
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Adjustable rate mortgages (ARMs) are loans in which the rate varies. Adjustable rate mortgages
One reason a consumer might choose an adjustable rate mortgage is the rates are generally lowe

There are three main types of ARM loans offered by lenders. They include:
A 5/1 ARM loan is where the payment is fixed for 5 years adjusting for the remaining 25 years.
When you get a 3/1 loans payments are fixed for three years and adjust for 27 years.
The 2/1 ARM is fixed for two years and adjustable for 28 years.

An adjustable rate mortgage works like this. It is usually fixed for a certain amount of time
What happens when there is a sudden higher mortgage rate?
You have some options when it comes to dealing with higher rates.

The most common is to refinance to a mixed rate mortgage. If you have enough equity built up a

Another option is the talk to a reputable credit counselor. They may be able to help you lower

You can also sell your home. List it with a real estate agent if you have the equity to pay co

Of course foreclosure is an option, but it´s not desirable. The worst thing to do is to do not
When choosing an adjustable rate mortgage, be aware that rates could increase over the life of