

The “*BEST*” mortgage program is...

Mortgage information from your neighbor...JOE STILES

PROGRAM	PROGRAM DESCRIPTION	APPROPRIATE FOR BORROWERS WHO:
30 YEAR FIXED RATE MORTGAGE	<ul style="list-style-type: none"> Interest rate and monthly payment (P&I) remain constant for 30 years 	<ul style="list-style-type: none"> Plan to live in property for 5-10 years Prefer payment stability for longer terms
15 YEAR FIXED RATE MORTGAGE	<ul style="list-style-type: none"> Interest rate and monthly payment (P&I) remain constant for 15 years 	<ul style="list-style-type: none"> Have the financial capability to sustain larger P&I payment Prefer to pay off a mortgage loan early
10/1 (Arm) Adjustable Rate Mortgage	<ul style="list-style-type: none"> Interest rate and monthly payment (P&I) remain constant for 10 years Adjusts <u>annually</u> for the remainder of the loan 	<ul style="list-style-type: none"> Prefer initial lower interest rates Are comfortable with the uncertainty of future rates and able to tolerate future annual payment adjustments Expect to move or sell the property within 10 years
7/1 (Arm) Adjustable Rate Mortgage	<ul style="list-style-type: none"> Interest rate and monthly payment (P&I) remain constant for 7 years Adjusts <u>annually</u> for the remaining life of the loan 	<ul style="list-style-type: none"> Prefer initial lower interest rates Are able to tolerate annual payment adjustments Comfortable with the uncertainty of future interest rates Expect to move or sell the property within 7 years
Interest-Only Adjustable Rate Mortgage	<ul style="list-style-type: none"> Interest rate fixed for specific term with interest-only payments Additional principal payments are typically allowed. Negative amortization may occur 	<ul style="list-style-type: none"> Have short-term loan plans; e.g. able to pay loan off within certain period. Are comfortable with the uncertainty of future interest rates for a potential refinance at current rates Expect to move or sell the property within short period.
80/10/10 80/15/5 Mortgage	<ul style="list-style-type: none"> Constant P&I Avoidance of PMI with 80% first mortgage 30 year amortization on first mortgage and 15 year term amortization for second mortgage 	<ul style="list-style-type: none"> Want to avoid PMI and enjoy smaller payments Utilize the income tax deduction of the second mortgage Have 10% or 5% down payment capability Have bonus income potential to repay second mortgage early
80/20 Mortgage	<ul style="list-style-type: none"> 100% loan – no down payment No PMI Tax deduction of interest on first AND second mortgage 	<ul style="list-style-type: none"> No down payment Seller contribution option of up to 6% No PMI No prepayment penalty
1 Year (Arm) Adjustable Rate Mortgage	<ul style="list-style-type: none"> Interest rate adjusts annually for the life of the loan 	<ul style="list-style-type: none"> Prefer to take advantage of lowest initial interest rates Comfortable with annually interest rate changes Cannot qualify at fixed rate mortgage programs
1 Month Or 3 Month Libor Arm Mortgage	<ul style="list-style-type: none"> Interest rate changes monthly or every three months with Libor index Monthly payment remains fixed for 1 year 	<ul style="list-style-type: none"> Expects periodic bonus income Prefer lower initial interest rate Are comfortable with the uncertainty of mortgage interest rates Desire flexibility of future plans in the property and/or have corporate transfer relocation option available

JOE STILES

281/381-1414 (Direct)

joe@joestiles.com(E-mail)

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www.joestiles.com