

## State Department Federal Credit Union

### Topics of Interest

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### The Pros and Cons Of Interest-Only Mortgages

*They're getting lots of buzz. Is an interest-only mortgage right for you?*

You're ready to move up to a bigger house, and you figure you can afford about \$1,000 a month for your mortgage payments. If you choose a conventional 30-year mortgage, you'll have about \$170,000 to spend. But if you go with an interest-only loan, your \$1,000 a month will buy nearly twice that much.

Sounds great, doesn't it? You can either buy a lot more house, or keep your payments really low. It's no wonder interest-only mortgages are the hottest thing going! But don't jump on the bandwagon without doing your homework. Yes, you'll pay less at first. But if you're not careful, you could get burned later on.

#### Consider these pitfalls:

- Sooner or later, your payments will go up. Some interest-only loans adjust every month. Others adjust and also start adding principle after 3 or 5 years. At this point, your payments could soar.
- Interest-only loans aren't really meant for the long haul. If you plan to stay put for 10 or 20 years, you'll be better off with a conventional loan.
- Choosing an interest-only loan now means you're passing up the chance to lock in today's low interest rates.
- If housing prices fall and you haven't built up much equity, you could take a big loss when it's time to sell.

#### Let us help find the right mortgage for you

We understand the importance of home ownership. That's why we work hard to make our mortgages affordable and easy.

- We offer competitive rates and low fees.
- We take the time to explain your options.
- We process your loan quickly.

There are lots of mortgage options available today, so give us a call at **703-739-3092**, or **800-296-8882, ext. 3092**, for a personal consultation. We will be happy to help you sort through your choices and determine the best plan to fit your situation.