



The best of both worlds

Today homebuyers are in a unique position to combine the benefits of a fixed rate mortgage with the savings opportunities of an adjustable rate mortgage. With a hybrid loan (also called a fixed-period ARM or hybrid ARM) you get the best of both worlds.

A hybrid loan gives you a fixed rate term, usually three, five, seven or ten years, with adjustable rates thereafter. These loans are typically expressed as a 3/1, 5/1, 7/1 or 10/1 ARM. The first number represents the number of years the rates are fixed. The second number indicates the adjustment interval (how often the interest rate will change). For a 7/1 loan, the fixed period is seven years with annual interest rate adjustments thereafter.

The advantage of a hybrid loan is that it gives you a lower fixed rate mortgage than you'll typically receive with a 30 year mortgage. This is often an attractive loan choice for borrowers who expect to be selling their home within the first 10 years. You'll get the advantage of a lower fixed rate while you're living in the home. And if your plans remain steady, the adjustable rate wouldn't be due until after you plan to move.

Hybrid loans are also an attractive loan choice for borrowers who want an ARM, but feel the need for added interest rate protection during their first years in the home.

Whether you plan to move within 10 years or you'd like the added rate protection a hybrid loan affords, we'll be glad to help you find the best loan program to meet your needs. We look forward to helping you!