

# The Palm Beach Post

## TIPS FROM THE *Home* team

Each week, Florida Home's panel of experts answers questions and offers advice for buyers, sellers and owners.

### Mortgages

*Our expert: Louis D. Spagnuolo,  
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This year, nearly \$1.5 trillion worth of adjustable rate mortgages are due to reset, many at a much higher interest rate. Thousands of homeowners are finding they can't afford their new monthly payments. There are a few new transitional loan products designed to help borrowers put temporary band-aids on

their financial situations.

A fixed-pay option ARM allows borrowers to refinance into a loan with a fixed rate for five to 10 years and make an interest-only payment that's 3 percent less than their fixed rate. The unpaid interest is tacked onto the loan's principal. Those who use the five-year interest-only option will add 15 percent to their loan balances.

A 40-year mortgage can help lower payments slightly while a 50-year loan offers monthly payments nearly as low as those for an interest-only loan. The disadvantage is that borrowers will build equity very slowly.

All these loans should be viewed as only temporary solutions to solve an immediate financial crisis.