ReadinessIQ

BUYER DECISION GUIDE - CHECKLIST

Fixed-rate or adjustable-rate - which is right for me?

A fixed-rate mortgage locks your principal-and-interest payment for the life of the loan.

YOUR CHECKLIST

- [ ] Get quotes for a 30-year fixed, a 15-year fixed, and any available ARM on the same loan amount
- [ ] Ask for the ARM's index, margin, initial cap, periodic cap, and lifetime cap in writing
- [ ] Calculate the ARM's fully indexed, worst-case payment and confirm you could afford it
- [ ] Confirm which rate your file was qualified against - note rate or fully indexed rate
- [ ] Write down your honest, documented expected hold period for the home
- [ ] Run the refinance calculator to see what a future refinance would need to save to break even
- [ ] Compare total interest paid over the life of each option, not just the initial payment
- [ ] Check your reserves - could you absorb an adjustment if you couldn't refinance?
- [ ] Ask whether a temporary buydown is available as a middle-ground option
- [ ] Confirm your understanding matches the ARM disclosure before you lock the rate

WATCH OUT FOR

- Comparing only the starting rate
- Treating 'I'll probably move' as a plan
- Assuming a future refinance is guaranteed

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Scan for the full guide - readinessiq.ai/guides/fixed-rate-vs-arm

Know More. Plan Smarter. Move Forward.

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