

## 5C

## REAL ESTATE



ROLAND HAWKINS

## Know mortgage rates plans

It is not always a clear choice between an adjustable rate mortgage and a fix rate mortgage.

As interest rates rise, homebuyer's consideration of the Adjustable Rate Mortgage (ARM) as a viable option increases.

There are many adjustable rate options available to homebuyers. You can choose from a traditional 1 year adjustable up to a tempting 10-year adjustable rate program. In between 1 and 10 you can find attractive three, five or seven years adjustable rate mortgage alternatives.

Buyers must be watchful however, to avoid adjustable rate mortgage programs that contain potential negative amortization. All mortgages have amortization schedules. The timetable schedule for payment of a mortgage loan principal and interest is called amortization.

Negative amortization is when a gradual increase in a mortgage debt occurs. This increase occurs when the monthly payment is not sufficient to cover the principal and interest due.

In a market of higher interest rates, consumers are more inclined to consider an ARM option. Lower initial home loan payments are very attractive to first time homebuyers with limited incomes.

The most popular adjustable rate mortgage is not a true adjustable rate mortgage. This popular 2-1 buy-down mortgage program is actually a combination of a short term ARM and a fix rate mortgage product. The first couple of years of this loan program function as a 1-year ARM. At the end of the third year this mortgage will convert itself into a fix rate mortgage for the balance of the loan term. For example, let's say you obtain a 2-1 buy-down program with an initial rate of 4 percent. In the second year this loan rate will automatically increase by 1 percent to an interest rate of 5 percent. Then the following year the rate will again increase once more to an interest rate of 6 percent. The rate will stay fixed for the remaining life of the loan.

The opposite of the popular adjustable rate loan would be an adjustable rate loan that subtly features potential negative amortization. An example of this somewhat outlaw loan program would be obtaining an incredible low initial interest rate or interest only payment for the first five years. As loan interest rates rise, this loan payment remains constant for a certain time period. At the end of the specified time period the difference is added back in on top of the current principal due. This is called negative amortization because your principal balance actually increases instead of decreases.

It is now easy to understand why you should avoid all loans that pose potential negative amortization. A loan like this could create a tremendous amount of problem for an impulsive buyer.

As interest rate rise it is wise to shop for the best interest rate program that meets your family's needs and budget. Remember, lenders are more competitive for the home buying business in a rising interest rate market.

Consumer refinance demands tend to diminishes as interest rates rise, then lenders are more apt the pay more attention to their home purchasing portfolio.

Although we have been spoiled by the availability of incredibly low interest rates over the past year, now is still a great time to purchase a home.

It is still a buyer's market with deals left to be made. Just beware that a deal using an adjustable rate mortgage has the potential for negative amortization that could create a financial pitfall in the future.

Buyers must beware when considering adjustable rate mortgages with rates that seem too good to be true.

Just a reminder, the deadline to enroll in the 2004 Home Giveaway is less than 15 days away.

ROLAND K. HAWKINS is a real estate agent with Coldwell Banker United Realtors in Charlotte. He can be reached at (704) 840-5762 or via the Internet; <http://www.rolandhawkins.com>



PHOTO/ARA CONTENT

## Tradition revisited in home design

ARTICLE RESOURCE ASSOCIATION

Though "traditional" in home design has been interpreted as stilted and formal in the past, today's "traditional" women are redefining the style. No longer fraught with excessive moldings and fussy finishes, the new face of tradition borrows the best of old and new. Classic elements are being combined with simpler furnishings, tailored fabrics and modern conveniences to provide comfort and efficiency. Mixing an antique bench from Bali with a modern Italian leather sofa and an African tribal hunting mask is wonderful, not "weird."

When renovating a kitchen, a simple cabinetry door in a natural stain or fresh, clear color beats a highly detailed door, dressed to the nines in bulky cornices and triple-stacked moldings. Even traditional-minded home enthusiast publications are recognizing this movement, updating their mission statements and editorial content to reflect the desire for classic styles mixed with a bit of modernity.

Meredith Publishing's Country Home magazine features "A More Modern Country." And Traditional Home magazine offers up "Classic Taste. Modern Life." Manufacturers are devel-

oping products and services that echo this new take on tradition as well. The "New Traditional" kitchen from Plain & Fancy Custom Cabinetry is one example.

"Five years ago we saw traditional being interpreted as 'over-the-top,' in cabinet finishes, door styles, architectural details and accents," says Vince Achey, vice president of sales and marketing for Plain & Fancy. "Customers used extravagant moldings everywhere, and decorated with heavily textured and patterned upholstery and window treatments."

"Today, homeowners are look-

ing for spaces that reflect simpler, cleaner style, with a scale and overall look that's easier to live with."

For New Traditional, the company pairs one of its latest finishes, Cashmere glaze, with its oldest, best-selling door style, Vintage, set off by a stainless steel work surface and backsplash. Since lack of storage continues to be a great concern, a butler's pantry was incorporated, boosting cabinet space for maximum organization.

Not to sacrifice style for function, this pantry has "show-off" space for china and glassware

Please see **TRADITION/6C**

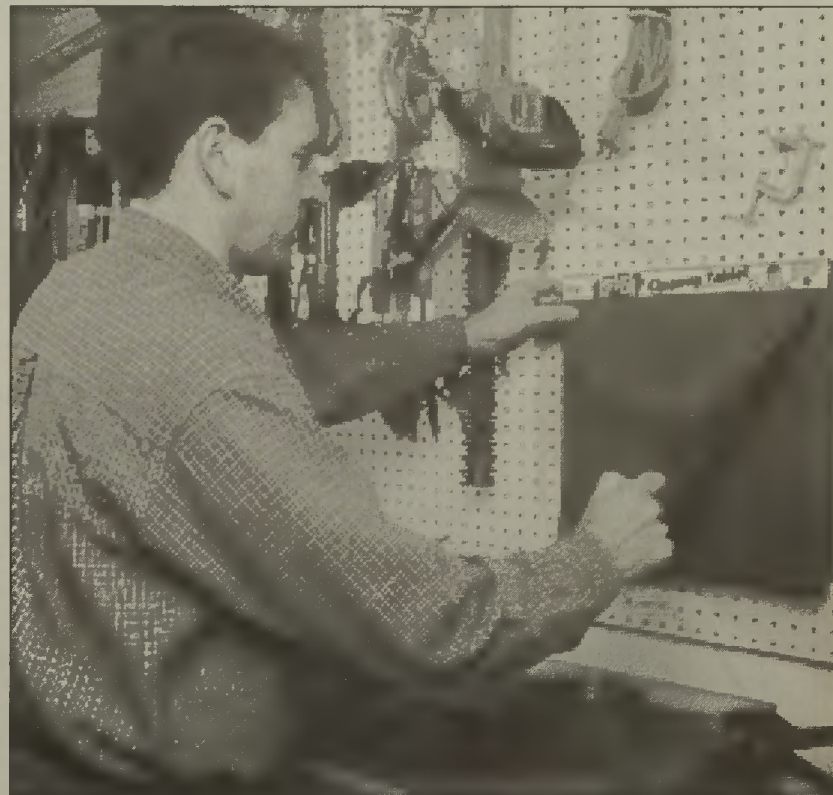
## Take control of messy household projects

ARTICLE RESOURCE ASSOCIATION

There's no greater feeling of satisfaction than when you complete a home improvement project and can stand back and admire your work. And every do-it-yourselfer knows that a successful project depends on having the right tools. That includes the right products to protect the work area and to clean up quickly and effectively if something gets spilled.

The folks at I Dig Pig have a lot of experience in this area. Their products, made from PIG Absorbent Fabric, are designed to tackle tough, messy jobs. For 18 years, Industrial users have relied on this fabric to handle big messes in thousands of factories worldwide, and the PIG brand (named for the way it "eats" up grime) is known for innovative solutions for cleaning up workplace tasks. Now the company is making their versatile products available to consumers.

The special PIG Absorbent Fabric is a multi-layer material specially bonded to make it 100 times stronger than paper towels. It absorbs large amounts of liquids evenly and quickly. The fabric comes in many different forms and its uses around the house are endless. One of the most popular incarnations is the PIG Cleanup Tablet, 12 perforated 14-inch by 15-inch sheets that can be hung in the workshop, or stored in the broom closet, and even can be kept in the trunk of your vehicle. Each sheet holds up to one quart of liquid. Simply tear off a sheet any time you need to clean up a messy spill, whether in the kitchen, the car, the garage or the workshop. Keep a sheet on the bottom of the kitchen cabinet to protect



PHOTO/ARA CONTENT

against leaks from cleaning supplies. And in case that plumbing repair didn't work out quite the way you planned, these sheets can handle big messes, too.

You'll also find multiple uses for the PIG Absorbent Mat Roll, 25 feet of tough, thirsty fabric, in your choice of 15 inches or 30 inches wide. The roll is perforated every 10 inches for easy sizing and the larger roll is also perforated down the middle; the fabric can be easily cut with scissors or a utility knife as well, making it a snap to get the perfect fit for any job.

The roll makes a great drop cloth for painting - it not only catches drips, it absorbs

them, so you won't track spilled paint around the room. Or spread a piece of the mat on the workbench before you tackle messy repairs and you won't have to worry about oil stains or other spills and cleanup will be a breeze. It's great for holding dirty tools or wet paint brushes, too. And if your washing machine overflows, or you forget to shut a window during a rainstorm, this is just what you need to clean up the resulting mess.

The mat is available with an optional polyethylene backing to help protect surfaces from those heavy liquid jobs or applications. To keep dirt from entering your home, break out Please see **TAKE/6C**