



MORTGAGE CONNECTION

Spring 2008

ALSO THIS ISSUE:

See inside for more helpful articles whether you're buying or selling a home.

WHY IT'S A GREAT TIME FOR A KITCHEN REMODEL

IT'S YOUR IDENTITY: KEEP IT!

TIPS FOR MOVING YOUR STUFF

ARMs vs. Fixed-Rate Mortgages

Adjustable-Rate Mortgages (ARMs) comprise about one out of every five residential mortgages in the United States, reports the Mortgage Banker's Association.

ARMs	22%
Fixed-Rate Mortgages	78%

As of September 30, 2007
Source: National Delinquency Survey, Mortgage Banker's Association

What You Should Know About Adjustable-Rate Mortgages

In recent years, many homeowners have opted for an adjustable-rate mortgage, or ARM, over a traditional fixed-rate loan. But is it the best option for you?

The primary benefit of ARMs is that they usually feature a lower interest rate than fixed-rate mortgages at first. However, this rate is only temporary—it will adjust after a certain number of years to reflect the current level of rates in the marketplace, which is gauged by a variety of rate indexes used by banks.

This adjustment can go either up or down, depending on which way interest rates have moved since the loan was originated. The problem some homeowners are facing now is that rates have gone up since they took out ARMs two or three years ago, resulting in higher (sometimes substantially) monthly mortgage payments.

THE ARM TRADE-OFF

Simply put, ARMs offer a trade-off: You'll receive a lower interest rate during the early years of the mortgage, which may enable you to qualify for a larger mortgage and a more expensive home. However, you must assume the risk that interest rates may rise, which could increase your monthly payment.

Most ARMs feature caps that limit how much the interest rate—and perhaps the monthly payment as well—can go up or down. *Lifetime* caps limit how much the rate can adjust over the life of the loan, while *periodic* caps limit how much it can adjust from one adjustment period to the next.

MAKING THE DECISION

There are several factors to consider when choosing either an ARM or a fixed-rate mortgage:

- Is your income high enough to handle larger monthly mortgage payments, or do you anticipate that it will be high enough in the future? If you are concerned that

you might not have the income to support a higher payment that could come with an adjusting ARM, a fixed-rate mortgage might suit you better.

- Do you plan to assume any other large debts (such as a new car or college tuition) in the near future?

- How long do you plan to stay in the home? If you think you'll move before the first rate adjustment, then you may not have to worry about a higher rate and payment. However, if you plan to stay in your home for many years, or you anticipate a soft market when you intend to sell, consider a fixed-rate mortgage.

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Room by room: Why It's a Great Time For A Kitchen Remodel



Think Outside The Box

Try to think of creative ways to enhance your family's living experience in the kitchen, including incorporating these nontraditional uses of space into your design:

- Create a mini-office/computer nook.
- Add recycling bins.
- Incorporate a media center.
- Build a fine china and silver display case.
- Create a mudroom.
- Add space for houseplants.

The kitchen has become the central headquarters for today's family. If you've been considering a kitchen upgrade, there's no better time than now. Here's why: For years, remodelers have been too busy to handle all of the work—and the resulting demand drove up prices. But with the current housing slump, most contractors just aren't as busy anymore, which may mean more negotiating power for you.

A REALITY CHECK

Before you jump into a major kitchen remodel, make sure you are renovating for the right reasons—and it generally shouldn't be for the return on your investment. Even though kitchen renovations recoup 92 percent of their cost on average, a better motivation is because you want to transform a cramped, cluttered kitchen into a beautifully designed space to enjoy with family and friends.

Also realize that a kitchen remodel is a daunting project. Expect your remodel to take some time (four to six weeks is not uncommon), and expect to spend some money. The kitchen is the second most costly room in your home to renovate, after the bathroom.

WHAT'S HOT

There are a number of exciting new products that make it easy to transform your kitchen:

- Instant-on hot water heater (perfect if you enjoy a cup of tea or instant coffee in the morning)
- Low voltage lighting inside cabinets
- Walk-in pantries
- Cabinets with slide-out shelving
- Pull-out faucets
- Pull-out wastebaskets and sliding towel bars
- Wine refrigerators
- Built-in storage for foods like potatoes and onions

TIPS FROM THE PROS

As you plan your dream kitchen, keep in mind these thoughts from kitchen remodeling pros.

Consider the triangle. Kitchen designers base their concepts around the "work triangle"—the arrangement of the three basic work stations: the refrigerator, sink and stove. The idea is to make the distance from each of these areas far enough to not feel cramped, but close enough to carry food and dishes without strain. Today, the work triangle concept is being challenged by two-cook layouts, which include island and peninsula work centers with specialized appliances

such as modular cook tops, built-in grills, and microwave and convection ovens.

Use every inch of space. Consider installing tall cabinets that go all the way to the ceiling. Also, add baskets and shelving inside cabinets to maximize storage space. For larger items like pots and pans, consider adding a hanging rack to free up some space in your cupboards.

Mix up your countertops. Combine different types of countertops to accommodate a better cooking environment. Marble and granite provide cool surfaces for managing dough, for example, while the butcher block offers a great surface to chop and prepare food.

Think sinks. In a recent issue on kitchens, *Consumer Reports* recommends getting the largest sink possible. You might choose a small prep sink for the island, but also have a large, heavy-duty, single-basin sink installed in another area of the kitchen. It's ideal for soaking large pots and pans, and with a 360-degree swivel faucet, big clean-up jobs are especially easy.

Light it up. Under-counter lighting and clean halogen lights can make your kitchen appear larger and more comfortable.

Pair cabinets with appliances. Be sure to align the right cabinets with your appliances. For example, your deep cabinets that hold plates should be located above your dishwasher.

Add a backsplash. Consider installing tile back-splashes on all the walls above the counters, sink and stove. Not only can this enhance the appearance of your kitchen, but it will also be easier to clean.

PLAN CAREFULLY

Another piece of advice from the pros is to begin with a solid plan in mind—it can be costly to change your mind midstream. It often helps to peruse magazines, neighbor's homes, showrooms and stores. Most home centers provide free design services.

For higher-end projects, you may want to consult with an architect or professional kitchen designer. In addition, review your plans with an electrician and plumber to better coordinate your layout with your home's plumbing and electrical systems. ■

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To discuss financing options for your kitchen remodeling project, please contact your Regions Bank representative.

It's Your Identity—Keep It!

The 21st century has seen the explosion of a new kind of crime that was relatively unknown before: identity theft.

Identity thieves' stock in trade is your everyday transactions, which usually reveal bits of your personal information: your bank and credit card account numbers, your Social Security number, and even your name, address and phone numbers. Thieves obtain pieces of your sensitive personal information and use them without your knowledge to commit fraud or theft.

As anyone whose identity has been stolen will tell you, identity theft is a serious crime. Victims can spend months or years and thousands of dollars cleaning up the mess identity thieves have made of their good name and credit record. Preventing your identity from becoming someone else's requires care and diligence in how you handle your personal information. Consider these tips:

- **Guard your Social Security Number** carefully. Never have the number pre-printed on your personal checks, and don't use it as an access or identification code or password.
- **Use a crosscut shredder** for your old bank and credit card statements and pre-approved credit offers.
- **Make a photocopy** of the entire contents of your wallet and keep it in a safe place. This will help you know exactly what was in your wallet—and what to cancel—if it's ever lost or stolen.
- **Monitor your Social Security activity** by carefully examining your Social Security earnings and benefits statement to make sure no one else is using your number for employment.
- **Monitor your credit report** by obtaining a free copy of your report each year. You can now order a free report from all three credit reporting bureaus (Equifax, Experian and Trans Union) once a year from one convenient Web site: annualcreditreport.com.
- **Never give your credit card or personal information out** over the phone unless you initiated the call and trust the business. Also, when shopping online, only provide personal or credit card information on secure sites. This is indicated by a closed padlock icon in the



corner of your Web browser and/or a URL that begins <https://> (instead of <http://>).

- **Mail all bill payments from a safe location**, not from your home mailbox, where they can easily be stolen. ■

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For more guidelines on protecting yourself from identity theft, visit the Resources and Tools section of regions.com.

Adjustable Mortgage Rates

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REFINANCING YOUR EXISTING MORTGAGE

If you currently have an ARM that will be adjusting to a higher rate soon, you might also consider switching to a fixed-rate mortgage. While there are costs involved in refinancing, they may be offset by the money you could save on a fixed-rate loan long term compared to the higher rate on your current ARM.

For example, suppose your ARM will be adjusting to a higher rate one year from now. If you think rates will go even higher over the next year, you should probably refinance into a fixed-rate loan now. This may result in a higher rate in the coming year, but it will probably save money over the long term. ■

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If you have questions about what type of mortgage is best for you, please contact your Regions Mortgage Loan Originator.

Scary Stats

Identity theft has quickly become the new “crime of the 21st century,” as these eye-popping statistics make clear:

- More than 27 million Americans have been the victims of identity theft over the past five years.
- Identity theft cost businesses and banks over \$49 billion and consumers another \$5 billion in 2006 alone.
- The average victim will spend nearly \$1,400 and 175 hours cleaning up the mess caused by identity theft.
- The average identity thief's take per victim is \$17,000, and he or she can work many victims at a time. This compares to the average bank robbery take of just \$3,500.

Source: Javelin Strategy and Research



Tips for Moving Your Stuff

Planning a move? If so, you're not alone—the typical American family packs up and moves at least once every five years. Your first, and probably biggest, decision will be whether to do it yourself or call in professional movers.

DOING IT YOURSELF (KINDA)

The good news here is that an entire industry has sprung up to help do-it-yourself movers. You can get help packing, loading and cleaning—at sites such as eMove.com, for example, you can arrange for some “muscle” at your destination to help with unloading (often from off-duty firefighters and other public services personnel). Just follow the links on the websites of the national truck rental companies (Ryder, U-haul, Budget, etc.).

Or, try the “you-pack, we-drive” option with one of the companies that delivers an empty trailer or container to your home (try upack.com). A driver then picks up the load for delivery after you pack it.

- Shop around for your boxes and packing materials. There's a handy estimator for the number of boxes you'll need at packingkits.com.
- To save money on truck rentals, move during mid-month or mid-week if you can.

BRINGING IN THE PROS

Start by getting estimates from at least three movers. Avoid estimates over the phone; instead, meet with a representative at your home for a thorough survey and a written estimate.

- If you're planning to use a moving company, call now. Summer is the busiest time of year for professional movers, and they usually need plenty of notice—often at least six weeks or more if you're moving a long distance.
- Get a “performance report” on larger, interstate moving companies by calling the Interstate Commerce Commission. You may also want to choose a mover that is a member of the American Moving & Storage Association (visit moving.org to verify). ■

COMPREHENSIVE BANKING SERVICES

In addition to meeting your mortgage needs, Regions provides a full range of other products and services: checking, insurance, investments*, retirement planning and much more. Visit your local Regions branch or regions.com to find out more.

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