



3-Step Playbook

What to Do Before Your ARM Resets

A steadfast, commonsense guide from Pardee Properties

More than \$500 billion in adjustable-rate mortgages will roll into higher payments this year*. If your intro rate is on its last lap, the next statement could double overnight. Use this one-pager to stay three moves ahead.

Step 1: Pin down your reset date & rate

- Pull your last mortgage statement or call your lender's servicing line.
- Confirm the index, margin, and first-adjustment cap.
- Ask for today's "fully-indexed rate" so you know the worst-case coupon.

Pro tip: *If you also have a HELOC, find out when it converts from interest-only to principal + interest. That date often sneaks up first.*

Step 2: Stress-test your payment

- Plug your balance and the quoted reset rate into our [Payment Adjustment Calculator](#).
- Compare the new number to your take-home pay and your savings goals.
- If it already feels tight, remember the loan can bump again under the periodic cap.

Reality Check: A \$1.4M loan at 2.8% → 7% can move from ~\$6K to ~\$10K per month.

Interest-only caution: Some ARMs and many 10-year IO loans charge interest-only during the intro period. When the IO window ends, principal joins in, even if the rate didn't change, and the payment can leap.

Step 3: Map your exit while leverage is on your side

Option	Quick gist	Why it works (or doesn't)
Refinance	Restart the clock. Roll the balance into a new 30-year fixed loan at today's ~7 %.	Stretching repayment from 23 → 30 yrs can lower the monthly hit, even at the same rate, but more interest overall will be paid because of restarting the loan.
Ride it out	Budget for payment jumps and hope rates cool before the next reset.	Viable only if the numbers still pencil out for your monthly budget.
Cash-out sale	Unlock your equity and move into a payment that fits your next chapter.	With LA inventory still low, but rising, buyers pounce on strategically priced and positioned listings.

Case in point: *We're guiding a Westside neighbor through selling before their payment doubles and capturing the significant equity accrued to help them downsize into a property that better matches their life today.*

Ready for clarity?

Book a free 15-minute Equity-Check-In.

We'll crunch your numbers, lay out every path, and handle the heavy lifting if selling makes sense.



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Call on us. Count on us. **All signs lead to PARDEE.** | **pardeeproperties.com**

*ICE Mortgage Monitor, June 2024: ≈ \$550 B in ARMs within 12-month reset window. The material provided here is for information purposes only. All figures are estimates; consult your lender for exact terms. The information offered by us has been given in good faith. All information should be independently reviewed and verified for accuracy. DRE #01858429