

Today's Loan Strategies **By Jeff Cooper**

High energy prices are encouraging consumers to spend a little less on non-essentials. Yet because consumer spending is the backbone of America's economy, the Federal Reserve won't need to raise rates rapidly to keep demand from overheating.

Mortgage rates should remain attractive in the near future. However, they will continue edging up from 45-year lows.

Higher rates make it harder for consumers to buy homes. Although adjustable-rate loans and interest-only payment options can boost housing affordability, home price increases will be smaller in the future. Here are other ways our economy could affect owners –

- * Homeowners with fixed-rate loans will keep the same monthly payments, no matter how our economy fluctuates. Long-term owners also don't need to be overly concerned about changes in real estate values, since houses will remain outstanding investments over time.

- * Folks who recently moved into a home may find they'll need to live there longer than they planned in order to sell at a good profit. Yet if slower appreciation affects the value of their house, it also will keep cost increases down on their next residence.

- * Owners with adjustable-rate financing may want to move into a fixed-rate loan now, while those rates remain low. Someone who took out a home equity credit line to make home improvements also may want to convert that into a fixed-rate loan.