



BUYER EDUCATION GUIDE

Understanding the 10-Year Adjustable-Rate Mortgage

A practical guide to the first 10 years, refinancing opportunities, and the risks worth planning for.

Prepared for homebuyers in Texas and beyond | October 2026

The big idea

A 10-year adjustable-rate mortgage (ARM) can offer a decade of initial payment stability. After that, the loan may adjust. Whether it is a good fit depends on the actual loan terms, the upfront cost difference, your timeline, and your ability to afford a higher payment later.

This guide includes a property-specific financing illustration supplied by Chad Mullenix dated October 21, 2026. The quoted interest rates are paired with APRs. Figures are estimates, not guaranteed pricing; verify the current Loan Estimate and ARM disclosures.

1 | How a 10-year ARM works

A 10/6 ARM generally has a 10-year initial fixed-interest period, followed by possible adjustments every six months. “Fixed for 10 years” describes the initial interest period—not the entire mortgage term. Your loan documents control.

During the first 120 months	After month 120
The initial note interest rate generally stays unchanged. Principal and interest payments are generally stable if the loan is fully amortizing.	The rate can rise or fall at scheduled resets. The payment can change based on the outstanding balance, remaining term, and new rate.

The four terms to request from your lender

- Index: the market benchmark used at adjustment.
- Margin: the amount added to the index to determine the fully indexed rate.
- Caps and floor: limits on first, subsequent, and lifetime adjustments; some loans have a minimum rate.
- Maximum possible payment: what you could owe if adjustments reach the contractual limits.

Important: Taxes, insurance, association dues, and mortgage insurance may change even during the initial fixed-interest period. A 10-year ARM is not a promise of a fixed total housing payment.

2 | How long do people stay in a home?

The National Association of REALTORS® reported in its 2025 Profile of Home Buyers and Sellers that the typical seller had owned their home for 11 years before selling. New buyers said they expected to remain in their purchased home for a median of 15 years.

11 years	15 years
Median tenure of sellers who sold	Median planned tenure reported by buyers

Why this matters: A decade is a meaningful amount of time, but many homeowners may still be in their homes after the initial ARM period ends.

Why people move

- New jobs, changing commutes, or relocation
- Growing families, changing space needs, or downsizing
- Schools, neighborhood preferences, or lifestyle changes
- Retirement, family circumstances, or financial priorities

These national figures are not probabilities that any particular buyer will sell or refinance within 10 years. The expected 15-year tenure is a reason to plan for the possibility of holding the loan beyond its initial period.

Source: National Association of REALTORS®, 2025 Profile of Home Buyers and Sellers.

3 | Can refinancing happen before the ARM adjusts?

Yes, but refinancing is an opportunity—not a guaranteed exit strategy. Market conditions change, and an individual borrower must qualify again.

What recent data actually shows

ICE Mortgage Technology reported that borrowers completing rate-and-term refinances in September and October 2024 had held their previous mortgage for an average of just 15 months. These borrowers were responding to a brief period of improved market conditions.

That figure describes people who DID refinance. It does not tell us how long all homebuyers must wait for a lower rate, nor does it predict when future refinancing will become worthwhile.

What determines whether a refinance makes sense?

- Available market pricing and the difference from the existing loan
- Refinance closing costs and the time needed to recoup them
- Credit, qualifying income, debt obligations, home value, and equity
- Remaining loan term and whether a new term increases total lifetime interest

A borrower may refinance without waiting until the end of the ARM fixed period. However, if future pricing is worse—or qualification becomes difficult—refinancing may not be advantageous or possible.

Source: ICE Mortgage Monitor, December 2024.

4 | ARM versus fixed: what are you trading?

10-year ARM	30-year fixed-rate mortgage
Initial interest rate generally stays fixed for 10 years; can adjust afterward.	Interest rate stays fixed for the entire contractual loan term.
May offer lower initial pricing, but this must be confirmed with a real quote and APR.	May cost more or less initially; actual offers vary.
Requires planning for later payment changes and possible refinancing costs.	Provides long-term interest-rate certainty, though taxes and insurance can change.
Can be suitable for a borrower with a realistic holding period and financial flexibility.	Can be suitable for borrowers prioritizing predictability over a long holding period.

A fair comparison asks for more than a payment

- Interest rate AND APR on both written loan options
- Origination charges, discount points, lender credits, and other costs
- Principal and interest payment, plus estimated full housing payment
- ARM index, margin, caps, first adjustment date, and worst-case payment
- Total costs over your likely holding period, including sale or refinance expenses

The property illustration on the following pages is based on a supplied lender flyer dated October 21, 2026, not a live offer or a personalized Loan Estimate. Confirm all terms and eligibility before relying on it.

5 | What could happen in year 11?

Scenario A: You sell before the first adjustment

The initial ARM period may cover your full time in the home. But sale timing, market value, and selling expenses are uncertain.

Scenario B: You refinance before the first adjustment

You may replace the ARM with another loan if suitable pricing is available and you qualify. Closing costs and the new repayment schedule matter.

Scenario C: You keep the ARM beyond 10 years

The interest rate and principal-and-interest payment may increase, decrease, or remain similar at reset, depending on the index, margin, and caps. You need to be comfortable with the contractual worst case.

Questions to ask before choosing an ARM

- Could I afford the maximum possible principal-and-interest payment?
- How long do I realistically expect to own this home?
- Would I still choose this loan if refinancing were unavailable?
- What is the actual savings after fees compared with the fixed alternative?
- Do I have reserves for job changes, repairs, and higher housing costs?

6 | Your next step: compare your actual options

There is no single mortgage structure that is right for everyone. A useful comparison starts with your goals, budget, expected time in the property, and comfort with uncertainty.

Request a personalized side-by-side analysis

- A 10-year ARM option and a long-term fixed-rate option
- Interest rate and APR shown together for each loan
- Closing costs, points, lender credits, and estimated monthly payments
- ARM adjustment rules and maximum possible future payment
- A holding-period comparison with realistic refinance and sale assumptions



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Ask for a customized illustration before making a financing decision.

PROPERTY EXAMPLE | Seller-paid rate buydown

2611 E Side Dr, Austin, TX 78704 | Flyer dated October 21, 2026

The seller is illustrated contributing \$25,000 toward the buyer's costs, helping fund discount points to obtain a lower initial payment. The seller credit is not free money: it is a negotiated part of the purchase contract, and a buyer should compare it against other potential uses of that concession.

ILLUSTRATIVE SIDE-BY-SIDE LOAN COMPARISON

Purchase price: \$900,000 | Down payment: \$180,000 (20%) | Loan: \$720,000 | Amortization: 30 years

30-year fixed: 6.990% interest rate / 7.099% APR; estimated principal & interest \$4,785 per month; estimated total payment \$6,299.

10/6 ARM: 5.875% initial interest rate / 6.572% variable APR; estimated initial principal & interest \$4,259 per month; estimated total payment \$5,773.

ARM fixed-interest period: 10 years; subsequent adjustments every six months; illustrated adjustment caps 2% first / 1% subsequent / 5% lifetime.

Estimated points/origination on ARM: \$25,200; illustrated seller contribution: \$25,000. Estimated closing/settlement fees: \$7,200 for each option; additional prepaid items apply.

THE PAYMENT DIFFERENCE

\$526 less per month initially (\$4,785 – \$4,259), or \$6,312 per year. Over 120 months, the difference in scheduled payments would total \$63,120 if both initial payments remained unchanged. This is NOT net financial savings: discount points, fees, loan balances, taxes, insurance, selling expenses, and refinancing costs affect the true comparison.

BEFORE CHOOSING

Ask for the current Loan Estimates, the ARM program disclosure, fully indexed rate, index and margin, initial and maximum payment, prepayment terms, and a comparison of remaining principal balances after 5 and 10 years. Confirm the APR and the 10-year fixed period with the lender: the earlier version of this property flyer incorrectly showed a 5-year fixed period.

A 10-year ARM is not a 10-year fully fixed mortgage. If you still own the home after 10 years, the rate and payment may change. You should be able to afford a possible higher payment without assuming you can refinance.

8 | Sources, important notices & disclaimer

Research and preparation: This packet combines publicly available online research, a property-specific mortgage comparison flyer supplied by Chad Mullenix (dated October 21, 2026), and drafting assistance from OpenAI ChatGPT. The loan figures have not been independently verified.

Primary research sources

Property example: “OHF_2611 E Side Dr 10yr fixed option (3).pdf,” supplied October 21, 2026; illustrative figures subject to verification.

- National Association of REALTORS®, 2025 Profile of Home Buyers and Sellers: <https://www.nar.realtor/news/real-estate-news/nar-2025-profile-of-home-buyers-sellers-reveals-market-extremes>
- ICE Mortgage Technology, December 2024 Mortgage Monitor: <https://mortgagetechnology.com/resources/data-reports/december-2024-mortgage-monitor>
- Consumer Financial Protection Bureau, ARM rate caps: <https://www.consumerfinance.gov/ask-cfpb/what-are-rate-caps-with-an-adjustable-rate-mortgage-arm-and-how-do-they-work-en-1951/>
- Consumer Financial Protection Bureau, Regulation Z advertising requirements: <https://www.consumerfinance.gov/rules-policy/regulations/1026/24/>

Educational and pricing disclosure

This is general educational information, not financial, tax, or legal advice, a commitment to lend, loan approval, or a binding offer of credit. The illustrated interest rates and APRs are property-specific examples from a dated flyer, not exact or guaranteed pricing for another borrower. Payments, APRs, fees, and costs may change. Rates and APRs are always shown together; ARM APR is variable and is not the same as the initial interest rate.

Actual pricing, APR, payments, points, costs, seller-contribution limits, adjustment provisions, eligibility, and loan availability depend on program, borrower qualifications, lender underwriting, market conditions, and final disclosures. Seller concessions must be negotiated and may be limited by program and transaction rules. The \$25,000 seller concession shown does not cover all transaction expenses.

ARMs can adjust after the initial fixed period, and payments can increase. Refinancing requires qualification and may not be available or financially beneficial. Home values may decline. Ask for the official loan disclosures and the maximum possible payment before deciding.

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