

Five Reasons to Refinance Your Mortgage

There is an old adage in the mortgage business that states that if you can improve your interest rate by at least two percentage points, then it is a good time to refinance. While that may work as a general rule of thumb, the truth is that there are many reasons to refinance. Here are a few:

Lower your interest rate.

Securing a lower interest rate is one of the top reasons for refinancing. This can make a big difference in your monthly out-of-pocket costs for housing and save money on financing fees.

Build equity faster.

If you are in a position to make higher monthly payments due to an increase in salary or other good fortune, you may want to switch from a 30-year loan program into a 15- or 20-year loan structure. This enables you to build equity faster and save a tremendous amount of money on financing fees.

Change your loan program.

Some homeowners who start out in an Adjustable Rate Mortgage (ARM) find that they would like to switch to the stability of a Fixed Rate mortgage at some point. An ARM may have been the most attractive rate and loan package when you first financed your home, but we can provide you with loan comparison charts to find out if you can save money with another type of loan program that might work better for you right now.

Credit score has improved.

If your credit score has improved as a result of making your mortgage payments on time and in full, you may be in a position to take advantage of your improved credit standing. We can review your current credit score, the terms of your existing mortgage, and review options for other loan programs that could not only reduce your monthly payment, but also save you money on interest fees paid over the life of the loan.

Use the equity you have established.

A cash-out refinance allows you to tap into the equity you have built up in your home. You may want to pay off revolving credit card accounts, send a child to college, or use the money for home improvements or personal expenses.

Regardless of your reasons for wanting to refinance your existing mortgage, my team and I are interested in helping you make a decision that works best for you. We present our clients with spreadsheets outlining the various programs available. We continually monitor rates and alert our clients of interest rate changes in order to inform them of the best time to refinance.

We will also review the terms of your existing mortgage program. It is important to consider whether or not you have a pre-payment penalty written into your existing loan, and what the purpose of the refinance is. It is also important for us to know how long you plan to stay in the home. This helps us to determine whether or not it is beneficial for you to pay points up front to secure a lower interest rate on your new financing. The lender will want to know what the current property value is, how much equity you have built up, and what your current credit score is.

Call me directly for a free consultation.

