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## **Why You Should Refinance Your Mortgage**

Refinancing your mortgage is a common financial decision that homeowners chose to undergo. I am sure that you know at least one person who has refinanced their home at some point in their lifetime. So, what does it mean to refinance and what are some of the reasons that people make that financial choice?

Refinancing your home means that you are paying off your current mortgage loan with a new mortgage loan. Many people do this to get better terms or rates than what they currently had on their mortgage.

There are several factors that can influence the decision to refinance. Some of these factors are interest rates, closing costs, term lengths, and overall savings. Let us look at some of the top reasons why people decide to refinance their mortgage.

### **To Shorten Loan Term / Drop Your Rate**

One of the most popular reasons people chose to refinance their homes is to shorten their loan term or drop their interest rate. If you purchased your home when interest rates were high and your credit score was low, you may be able to cut interest in half by refinancing. If your rate and credit score both improve, it's possible to change a 30 year fixed-rate mortgage to a 15 year fixed-rate mortgage with about the same monthly payments. This allows you to pay less on interest and the potential to pay off your mortgage loan quicker.

If you are thinking about refinancing your home, please call one of our qualified lending specialists to discuss your options. Current mortgage rates are low which means now is a great time to consider refinancing your home.

### **Closing Costs**

A major consideration in refinancing, is how much is it going to cost me to do this? Lenders may offer to roll the cost of refinancing into the loan; however, this is money that you are going to pay interest on for the next several years. Many lenders run closing cost specials on refinancing. This helps eliminate the upfront out of pocket costs. If closing costs are \$2500 and your new payment is going to save you \$100 per month, it will take you a little over 2 years to

recoup your closing costs. At this point you would need to ask yourself, is it worth it? If you were planning on selling your home in 3 years, it would become an even bigger question at that time.

While refinancing might seem like the best thing to do, it is important to look at the reasons behind the refinance and make sure it is in your best interest to do it. If you are thinking about refinancing your home, please call one of our qualified lending specialists to discuss your options. Current mortgage rates are low which means now is a great time to consider refinancing your home.

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**\$750 CLOSING COST\***

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