

# **7 THINGS YOU NEED TO KNOW ABOUT MORTGAGE REFINANCING**

INFORMATION GUIDE

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Given the current mortgage market conditions, many people are taking advantage of low rates and saving quite a bit of money on their home mortgage. But for some people, refinancing has caused complications and their financial position took a turn for the worse because refinancing their mortgage was not the right choice for their specific situation. The good news? This can be avoided.

How can you make sure refinancing will benefit you and potentially save you thousands?



**Item #1: Don't forget to start with the most important question: Why?**

What is your reason for refinancing? What's important to you? Are you interested in reducing your monthly payment with a lower rate, or shortening the term of your mortgage from 30 to 20 or 15 years?

Do have a plan in mind? One of the most foundational concepts to understand when considering refinancing is your personal financial goals - everyone's is different. Keep the big picture in mind throughout the whole process.

## **Item #2: Don't just guess.**

Don't make assumptions on your home valuation or your credit score.

Do your homework. Team up with a real estate agent to assist you in finding out exactly what your home value is. In these times, home valuations can vary wildly depending on your geographic location and local market conditions.

Reach out to Equifax or TransUnion as these companies can provide you with a free credit score. With this information, you can avoid passing up the opportunity to refinance.

## **Item #3: Don't be "teased" by low mortgage rates.**

"Teaser rates" are designed to be eye-catching. You might hear them on the radio or see them on a commercial or billboard. Yet again, everyone's situation is different, and these might not actually be the rates available to you. Credit scores determine what rate you may qualify for and sometimes these low rates come with various other strings attached.

Do consider all costs. There is more to refinancing than just rates. By getting a free consultation, you can find out the right program for you.

#### **Item #4: Don't wait on rates.**

Remember: rates rise faster than they fall. Don't expect or wait on rates to decrease. It's not all about the rate - sometimes you might be saving in your monthly payment with a lower interest rate, but the interest paid over a longer term could cost you. Definitely jump on the good rates while you can. They may not last.

#### **Item #5: Choose the right term for your situation**

Many times, homeowners choose to refinance to get a better interest rate. But you can also change the term of the loan as well. You usually have several options including 15, 20 and 30-year repayment plans. But you need to know which one is best suited for your needs beforehand.

Longer loan terms cost you more in interest but have a lower monthly payment. Shorter terms have much higher payments but cost you less in interest rates. Work with a Mortgage Professional who can spend time crunching the numbers for you, so you can determine which move is the best one for your needs.

### **Item #6: Will you incur a penalty?**

Make sure to check with your current lender to determine if you will have to pay any costs for an early payout. An experienced Mortgage Professional can work with you to do the calculations and to see if getting you into a lower rate might be beneficial or not and explain why.

### **Item #7: Consider your future plans**

Getting locked into a 10 year fixed rate when your kids will be leaving for college in a few years may not be a smart move. If you are planning on buying a vacation home or an investment property why not plan for it now? You might be able to get it sooner than you expect.

**Learn if refinancing is the right option for your financial position and your specific goals. I am ready and happy to assist with any and all questions.**

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