

# MANAGING YOUR MONEY



## Are You Ready To Refinance Your Home?

(NAPS)—A growing number of homeowners are expressing an interest in refinancing their home's mortgage.

While it was once believed that an interest rate reduction of two percent was necessary before consumers could benefit from refinancing, some homeowners are realizing savings when rates go down just 1.5 percent.

That's because the fees lenders charge to refinance have fallen considerably in recent years, in part because of the cost savings achieved through technology and the Internet.

Some homeowners are refinancing to switch from an adjustable interest rate to a more stable fixed rate mortgage. Others refinance to take advantage of rising equity in their home and eliminate costly mortgage insurance (PMI).

Here are a few refinance tips from HomeAdvisor.com, a Web site which offers expert advice and services about the home, including improving, finding, selling, financing, refinancing and moving into homes. For example, locking in at a lower interest rate could save you hundreds of dollars per month.

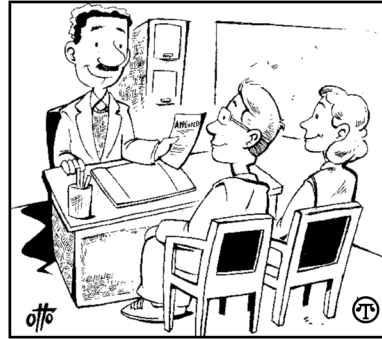
- A \$100,000 loan at 9.0 percent interest with \$1,200 monthly mortgage payments refinanced at 6.5 percent can realize \$330 savings per month—enough to make a car payment.

- A \$200,000 loan at 9.0 percent interest with \$2,400 monthly mortgage payments refinanced at 6.5 percent could realize \$672 per month.

Here are some additional refinancing tips to consider:

- **Shop your original lender.** If your loan is relatively new, your lender will likely forgo a new appraisal and limit your loan-origination costs to new title insurance only.

- **Consider rolling your closing costs into your new loan.** The monthly payment will be higher, but you will avoid having to pay as much as several thousand dollars in closing costs upfront.



**If you're thinking of refinancing your mortgage, start by shopping at your original lender.**

- **Rate is not the only reason to refinance.** Over the past several years, most areas of the country have seen a steady increase in the value of real estate. You may be able to take advantage of this new equity in your home and cut mortgage costs, regardless of interest rates.

If your original down payment was less than 20 percent, you may be paying Private Mortgage Insurance (PMI). PMI provides no tax benefit and can be a significant cost of your mortgage, so do some research on the value of your property, you might find out that PMI costs can be eliminated because you now own more than 20 percent of your house.

- **Cut your closing costs with negative points.** If you are short of cash, and plan to hold your new loan for a relatively short period of time, your lender may be willing to offer you a rebate in the form of negative points to be applied to your closing costs. The trade off is a higher interest rate.

- **Look for "no cost" refinancing deals.** In many cases, costs actually get rolled into a higher interest rate. Such offers can make financial sense if you plan to keep your loan only a few years.

To apply and refinance your mortgage, or for more refinancing tips including guides, checklists, calculators and answers to your refinancing questions, visit [www.homeadvisor.com](http://www.homeadvisor.com).