

WHY SHOULD YOU REFINANCE?

By Darcy McDonald



With interest rates still low, it might be financially beneficial to refinance your current mortgage loan. Reducing your mortgage interest rate a little can save you big over the life of your home loan. Take a look at the reasons why you should refinance.

Lower your monthly payment

If you plan to live in your home for a few years, it may make sense to pay a point or two to decrease your interest rate and overall payment. Over the long run, you will have paid for the cost of the mortgage refinance with the monthly savings. However, if you plan on moving in the near future, you may not be in your home long enough to recover the refinancing costs.



Convert from an adjustable rate mortgage (ARM) to a fixed rate

The amount of time you plan to spend in your home can work to your financial advantage. If you do not plan to own your home for an extended amount of time, then an adjustable rate mortgage might work for you. An adjustable rate mortgage would lower your initial monthly payments, but you must be willing to risk upward market adjustments. If you are looking for more stability, you can convert your adjustable rate mortgage to a 15, 20, 30 or 40 year fixed rate mortgage.



Balloon payment is due

Like adjustable rate mortgage programs, balloon programs are great when you want lower rates and lower initial monthly payments. However, if you still own the home at the end of the fixed rate term, the entire balance of your mortgage is due to the lender. In this situation, a mortgage refinance into a new adjustable rate mortgage or fixed rate mortgage makes sense.



Cash out your home equity

Your home is a great resource for extra cash if you have equity. You may want the cash to finance private schooling, your child's college education, pay for home improvements or to consolidate high interest debt. With a cash-out mortgage refinance transaction, it's easy and tax deductible.

Sometimes refinancing is not the best option. Making changes to your current mortgage by refinancing may even end up costing you more than your original loan.

At Cornerstone Mortgage Company, we're committed to providing more than just great loans – our goal is world-class service. When we sit down to discuss your financial goals, my first priority is advising you on the best way to meet those goals, which may or may not mean refinancing your current loan.

If you are thinking that now might be a good time to refinance your mortgage, or for any other home financing needs, please contact me at 952.808.2828 or via e-mail at dmcDonald@houseloan.com.



Darcy McDonald, Senior Loan Officer for Cornerstone Mortgage Company has a passion for helping people achieve their dreams. For more information or to pre-qualify online, please visit www.MNHomeLoan.com. The Minnesota Home Loan Partners are the preferred lender for the Minnesota Real Estate Show, Saturdays from 3 to 5 pm on KLTK - 100.3 FM.