

REASONS TO REFINANCE

REDUCE YOUR RATE

If mortgage rates have fallen since you first took out your home loan, refinancing can let you exchange your current rate for a lower one. You're simply replacing your old mortgage with a new one at current market rates.

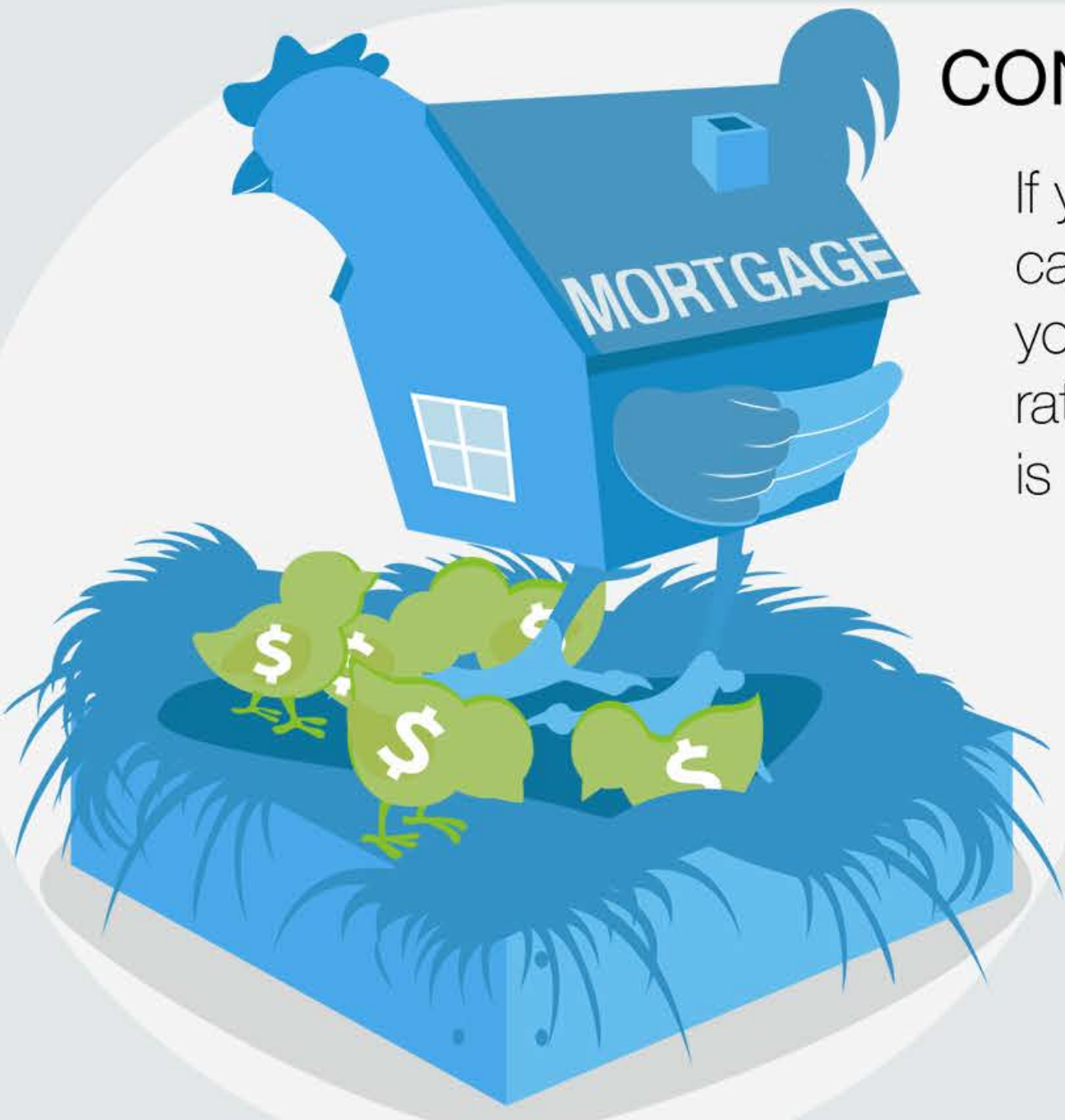


SHORTEN YOUR TERM

If you've been paying down your mortgage for a few years, it might be worthwhile to refinance into a new one with a shorter term. You may find you can shave several years off your loan with little change in your monthly payments, because short-term loans can have significantly lower rates.

CONSOLIDATE DEBT

If you have some home equity available, a cash-out refinance can let you pay off other bills and consolidate all that debt into your mortgage. Mortgage rates are typically lower than interest rates on other types of debt, and interest paid on mortgages is usually tax-deductible as well.



ELIMINATE MORTGAGE INSURANCE

While you can eventually cancel private mortgage insurance, with lender-paid mortgage insurance you're stuck with the additional cost for life of the loan. Same with FHA home loans if you put less than 10% down. But once you reach 20 percent home equity, you can refinance into a new home loan that doesn't require mortgage insurance at all.

TRIM MONTHLY PAYMENTS

Refinancing can reduce your monthly payments in two ways. First, refinancing to a lower mortgage rate can reduce your interest charges and monthly payment in the process. Or, you can choose to extend your mortgage term and reduce what you're paying in mortgage principle each month. Either way can free up some extra room in your monthly budget.



GET MONEY FOR MAJOR NEEDS

A cash-out refinance can provide the funds for things like home improvements or repairs, medical bills, starting a business, education costs or other major needs. Interest rates on mortgages are typically lower than on other types of debt and the interest you pay is usually tax-deductible as well, so you save twice.

GET OUT OF AN ARM/ CHANGE YOUR LOAN TYPE

If you've got an ARM and are worried about future rate adjustments, you can refinance into a fixed-rate mortgage and lock in your rate for the life of the loan.

