

SHOULD YOU REFINANCE YOUR MORTGAGE?

First things first.

Calculate your (prospective) new loan.

$$\text{Old loan principal} - \text{New loan principal}$$

1 Will you save any cash?



$$\text{Monthly Cash Savings} = \text{Current Mortgage Payment} - \text{New Mortgage Payment}$$



Not Yet!

2 Are you cool with your break-even period?



$$\frac{\text{Fees + Closing Costs}}{\text{Monthly Cash Savings}}$$

What's that? The break-even period is the amount of time it takes to earn back the costs of refinancing.



3 Are you moving within the next 5-10 years?



Wait!
There's more...

Trying to Tap That Equity?

Beware! Refinancing for equity can be costly. Longer mortgage length = lower long-term savings.

Shorten that Term!

When interest rates fall, consider refinancing! Shorter mortgage length = bigger long-term savings

Consolidating Debt?

Only do this if you are sure you won't continue spending once your debt is relieved.

Consider an ARM instead.

REFINANCE!

Consider a fixed rate mortgage