

# Is It Time to Refinance?

Sometimes it makes sense to refinance. Sometimes it does not. It depends greatly on your individual situation and what your financial goals are. For instance, you may want to lower your interest rate and/or monthly payment, but you need to ask yourself some questions:

- How long do you expect to be in your home?
- How much equity do you have in your home?
- Are you willing to pay points to get a lower rate?
- Will having lower payments more than make up for the closing costs, fees and points if any?

## ***Q. Should I refinance from an adjustable rate to a fixed rate?***

Generally, it's a good idea to get the lowest fixed rate possible, but you also have to consider your situation. If you're in the first year of an adjustable rate mortgage (ARM) and you plan on moving in three years, it probably doesn't make sense for you to refinance (although it wouldn't hurt to get a second opinion to be sure). However, if the rate on your ARM is about to adjust and you think the rate will go up, then it probably would make sense to get a long-term fixed-rate mortgage, especially if you don't plan on moving in the next seven years or so.

## ***Q. Are interest rates higher for a cash-out refinance?***

The interest rate you pay on a cash-out refinance loan will generally be the same as what you pay on a mortgage where you don't take cash out. There may be an incremental fee associated with a cash-out refinance loan depending on the specific loan you choose and the loan-to-value ratio. Using the equity in your home to pay off other bills can be a smart thing. Consider taking some money out to pay off high-interest credit card bills, auto loans and any other debts that have non-tax-deductible interest. Please consult your tax advisor to find out whether you may be able to deduct the interest on your new loan.

## ***Q. When should I "lock in" an interest rate?***

Nobody can predict what interest rates will do. But historically, rates rise faster than they come down. So if you're thinking about buying a home or refinancing your mortgage, lock in your rate now—you can always refinance later if rates drop again. Any near-future drop in interest rates may not be drastic enough to impact your monthly mortgage payment. Of course, every situation is different, so it's important to consider all of your options.

## ***Q. Should I pay points to get a lower rate?***

Paying points may or may not be your best option, depending on what you're doing. Points paid on a loan you've refinanced can be deducted from your taxes only in small increments—1/30th a year for a 30-year mortgage, for example. This means it could be several years before your lower rate makes up for the points you pay. However, if you're buying a home, points paid are a tax-deductible expense for that year. Please consult your tax advisor.

## ***Q. Are there really loans with no closing costs?***

There are few loans that truly have no closing costs. Sometimes lenders may not charge application fees and agree to pay the appraisal and title fees, but the interest rate may be slightly higher. Lenders can also roll the costs into the amount of your loan. So, because you're not paying costs up front, it's called a "no closing cost" loan. While slightly increasing your mortgage might be acceptable to you, keep in mind that it's not really a cost-free loan.

## ***Q. How long does it take to refinance?***

Generally, refinancing normally takes between two and four weeks, depending on a few things:

- Do you have a recent home appraisal?
- Are you in an area that appraisers can get to easily?
- Are there plenty of other comparable homes in your neighborhood?

Usually, *getting the home appraisal* is what slows the process down the most. During refinancing booms, appraisers can be difficult to schedule. Also, having your paperwork ready helps to speed the process along much faster.

## ***Q. How much money will I need to bring to the closing?***

A general guideline is that you'll need two percent of the home's purchase price for prepaid interest to cover the time between the date you close your loan and the date you make your first mortgage payment. Some states may also require pre-payment of property taxes. When refinancing however, your old mortgage will most likely have money in an escrow account that can cover these costs. Some borrowers get short-term loans while their escrow transfers back to them, but most pay the money at the closing knowing they'll get it back when their escrow is returned.

*If you are wondering whether it's time to refinance your home mortgage, contact a Refinance Expert today.*

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# Selling? 9 Tips Every Seller Should Consider!

If you're going to be selling your home, here are nine suggestions you should consider:

**1.** Besides spring, the best time to put your house on the market if you plan on buying another home is when interest rates are low. Low rates benefit both buyers *and* sellers, and you'll be both.

**2.** If you decide to sell your home on your own, keep in mind that it'll probably take longer than if you're using a real estate agent. Especially in a buyers' market. When there are more sellers than buyers, real estate agents have the advantage with things like the multiple listing when it comes to getting their homes in front of buyers.

**3.** After deciding to work with an agent, be sure to choose a "seller's agent." And it helps if they're familiar with your neighborhood.

**4.** Ask your agent to see a comprehensive market analysis and have them explain in detail how they're going to market your home. It's important to know that your seller is working hard to earn their commission.

*Get your house in shape!  
Got clutter?  
Get rid of it.  
Need painting?  
Use neutral colors.*

**5.** When you hire an agent, you'll be asked to sign a listing agreement. Contractually committing to six months is normal. If the agent's doing a good job for you and you're happy with how things are going, then you can always renew for another six months if the market is slow.

**6.** Get your house in shape! Got clutter? Get rid of it. Need painting? Use neutral colors. Consider doing some home improvements if your house is really outdated. Make your home as appealing as can be to buyers.

**7.** Consider an incentive to buyers. For instance, offer to pay the closing costs or points.

**8.** Understand the home selling process and learn about negotiating. Knowing as much as you can could save you thousands of dollars.

**9.** Be realistic about your asking price, the time it takes to sell a house, the whole process and the market. If you go in thinking it will take only a week and you'll get exactly your asking price, you'll most likely be disappointed. Be realistic and you'll have a much better experience.

## Is Owning a Vacation Home in Your Future?

Come this summer, whether you're enjoying a beachfront house, country cottage, or mountain chalet, chances are you have a vision of calling your favorite vacation spot "home" one day.



home mortgage options and how much you can afford can make a big difference in getting your perfect vacation home. Many homeowners use the equity in their primary home to finance their vacation investment, or to take advantage of other vacation home mortgage options such as interest-only programs. Call a Mortgage Professional today to help you determine if you can afford to invest in a vacation home.

With an expected increase in demand, today's favorable interest rates, and creative vacation home mortgage options, it may be a great time to invest in a second home. In fact, it's seen as a wise investment. CNN recently reported that homes in the top seasonal or vacation counties appreciated by 49%! This trend is expected to continue. As baby boomers begin to retire, it's expected that more than 30 million Americans will buy a vacation home within the next decade.



Then, before you begin your search for your ideal vacation home, here are a few suggestions you should consider:

- **Family Appeal:** How does it fit the needs of your family? Will there be space and activities for family members who visit?
- **Travel Time:** If it takes all day to get to your vacation home, you may not visit it as frequently. Typically, 2-3 hours travel time or less is ideal.
- **Climate:** What is the area like year-round, especially during the off-season? What are the political and tax issues? Do some research. Browse through local newspapers as a guide.
- **Health Care Facilities:** If your vacation home becomes your primary residence one day, quality health care may be one of your top priorities.

It has never been easier to bring your vision of beachfront, mountain, or lakeside properties into focus. With the proper planning and home financing, your dream of owning a vacation retreat may some day become a reality.

### Top Reasons for Buying a Second Home

Vacation	51%
Plan for retirement	18%
Diversify investments	16%
Rental income	15%

Source: [money.cnn.com](http://money.cnn.com)