

## Refinance Mortgage

Refinancing a mortgage can be financially beneficial if you understand how and when to do it. Given the current economic downturn and the crises in the real estate market, many homeowners are unsure if they should refinance. Mortgage payments are becoming more difficult to pay for some who have experienced job loss or a significant decrease in their investment portfolios. A lot of consumers who bought their properties when real estate was at the peak are left holding the bag of decreased values now. As adjustable rate mortgages reset to higher rates, consumers with those types of mortgages will see a big increase in their payments. You only have to do a brief search on the web to see the many advertisements for refinance mortgage information and help lines. Trying to make sense of what you should do personally can be quite a task.

Refinancing is an individual decision that depends on your financial situation. Reducing monthly payments is the main reason most people refinance. Mortgage refinancing can be a financial win if the savings makes sense with the length of time you plan to own the house. Your first step is to figure out how much you would save each month under the new interest rate. Then add up all the costs you think you will incur for the actual refinance (such as title preparation, lawyer costs, appraisal and filing costs.) Your third step is to take the anticipated total cost of the refinance and divide it by the expected monthly savings. That will let you know when your "break even" point is, or how long it will take for you to actually start saving as a result of the refinance. Mortgage refinancing would not make sense, if you plan to sell the house before or on the break even point of the refinance. Mortgage holders whose adjustable rate mortgage will reset soon, may choose to refinance with a fixed rate mortgage, regardless of the break even point. Obtaining a steady fixed rate mortgage in the current rocky economy often outweighs the costs of a refinance. Mortgage owners often find it beneficial to merge debts from credit accounts or high rate loans with the refinance. Mortgage refinancing with a low fixed rate will usually tender lower interest rates than those of credit cards.

To determine the benefits of a refinance, mortgage owners need to confidently know what they can afford and what is best for their current and future budgets. Compare the costs and benefits of the refinance with the current monthly payments and how long you plan to own the property. Educate yourself on all the options and be aware of all the terms and rates set forth by any new mortgage you take on.

## About the Author

Research about mortgage loans, visit [Getsmart.com](http://getsmart.com).

Source: <http://learnitarticles.com>