

REFINANCING YOUR MORTGAGE

Refinancing a mortgage can help homeowners save money on their monthly payments, lower their interest rates, and potentially pay off their mortgage faster, providing more financial flexibility and security in the long run. Please watch HORAN Wealth's presentation on the benefits of home ownership and the pros and cons of refinancing your mortgage and to learn more about our perspective on home ownership. The outline below highlights a few of the benefits of refinancing your home.

WHAT ARE THE PROS & CONS?

PROS



Lower Monthly Payments

Refinancing a mortgage can help homeowners lower their monthly payments, which can free up money for expenses or savings goals.



Lower Interest Rates

Can help homeowners secure a lower interest rate, which can save money over the life of the loan.



Shorter Loan Term

Switching to a shorter loan term, which can help homeowners pay off their mortgage faster and save money on interest.

CONS



Closing Costs

Refinancing typically involves paying closing costs, such as appraisal fees, application fees, and other charges. These costs can add up to thousands of dollars and may outweigh the potential savings.



Resetting the Loan Term

Refinancing a mortgage will more than likely reset the loan term, which means homeowners will be paying interest for a longer period, even if they secure a lower interest rate.



Qualifying for a New Loan

Refinancing requires qualification for a new loan, which means going through the application process and meet certain criteria, such as a good credit score and steady income.

FACTS BEHIND REFINANCING

1. Could save borrowers thousands of dollars over the life of the loan
2. Many lenders recommend refinancing when it would reduce the interest rate by one percent or more
3. Some who have adjustable-rate mortgages (ARMs) refinance to a safer fixed-rate mortgage
4. Many refinance to a shorter-term loan to pay off debt faster
5. Refinancing a mortgage can result in lower monthly payments
6. Individuals should consider closing costs and other fees when deciding to refinance
7. Homeowners with higher credit scores typically get better refinancing deals
8. Make sure you will live in the home long enough to cover refinancing costs

