

## Is It Wise to Refinance Mortgage Now?

As the tough economic times continue to weigh heavily on the country, consumers are seeking ways to reduce their monthly bills. Some simply want to save more money each month. Others need to reduce their budgets, due to unemployment or a reduction in pay. A common way consumers reduce their bills is through a refinance. Mortgage payments are usually the biggest bills consumers have each month. And after a refinance, mortgage payments can often be reduced by a couple hundred dollars each month. The main reason consumers refinance is to simply save money on bills. Many, however, refinance from a variable to fixed rate to achieve some financial predictability. Regardless of why you refinance, mortgage interest rates are at historically low levels right now. Rates on a traditional 30 year mortgage were around 5.1 percent the second month of 2009. For those who qualify for a refinance, mortgage payments can drop considerably. But refinancing may not be the wisest choice for everyone, regardless of how low the rates are. Deciding if refinancing makes sense for you takes some simple calculations. First of all, determine how much it will cost you. You will need to pay for an appraisal, inspection, documentation fees and lawyer hours. Double check with your current bank to see if you will be saddled with any penalty fees for paying off your current mortgage earlier than originally anticipated. Next, determine what your estimated savings would be under the new interest rate. Do this by subtracting the anticipated new monthly payment from the current one. Now you know your costs and monthly savings. Thirdly, you will want to establish how much longer you anticipate owning your property to figure out if it makes financial sense to refinance. Mortgage refinancing might not be beneficial if a homeowner anticipates selling the property soon after a refinancing. This is simply due to the fact that it takes a while to recoup the costs of the refinancing. This is called the break even point. Take your total cost and divide by the amount you anticipate saving each month, and that will tell you when you will break even after the refinance. [Mortgage refinancing](#) is generally a good decision for those who expect to own the property past the point when they break even. Refinancing is generally not a good idea for those who will sell before they recoup their costs.

See more [Refinance rates](#) [Home loan rates](#) [Home loan rates](#)

## About the Author

Similar sites about [refinance](#), browse by [getsmart.com](#).

Source: <http://www.Coolio4.com>