

## **Banking Insight - Is it Time to Refinance?**

The recent drop in mortgage rates has opened some new opportunities for individuals. Freddie Mac notes that over the past few weeks, thirty-year fixed-rate mortgage rates have hit the lowest levels for mortgages in 2011. This drop can mean lower mortgage payments for many consumers in the right position to refinance. Here are a few considerations when determining if refinancing is the best option for you.

**Lower your payments** - A good rule of thumb when refinancing is that, if you can reduce your interest rate by 1%, it may be a good decision.

**Decrease Length of Loan** - With a drop in rates, it may also be beneficial to consider moving from a 30-year to a 15-year loan. Your payment may go up slightly, but you will cut your number of payments in half!

**Consider the Costs** - Since there are closing costs involved with refinancing, you have to look at how long you will be in your home and how quickly you can break even on the closing costs.

**Consolidate Debt** - Many consumers find it valuable to combine two mortgages into one lower, fixed rate scenario.

There are many additional considerations when deciding whether to refinance, and we are here to help sort through your possibilities. It is important to understand your goals and current financial picture before jumping into a refinance situation. With our straightforward, honest approach, you can be confident that we have your best interests in mind and will help you understand your options.

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