



ANALYZE YOUR SAVINGS

Check the market closely to determine the available rates and the costs associated with refinancing. These costs can include items such as an appraisal and other various fees and points. Then determine what your new payment would be if you refinanced. You can estimate how long it will take to recover the costs of refinancing by dividing your closing costs by the difference between your new and old payments (your monthly savings). However, the ultimate amount you may save depends on many factors, including your total refinancing costs, whether you sell your home in the near future, and the effects of refinancing on your taxes. The old rule of thumb used to be that you shouldn't refinance unless the new interest rate is at least two percentage points lower. However, many companies are now offering zero point loans and low-cost refinancing. Therefore, even if your rate change is less than one percentage point, you may be able to save some money by refinancing.