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REFINANCE ONCE THEN DO IT AGAIN

When rates fall steadily, refinancing may make sense even if you have done so once already. Bob and Michelle Barbo of Kirkland, Wash. refinanced twice within three months in 1998. In October, they trimmed the rate on their 30-year fixed mortgage by a full point -- from 9.13% to 8.13% -- for a monthly savings of $63. Plus, because home prices in their area had boosted their home equity, they were able to stop paying private mortgage insurance that cost them $120 a month.

To exploit continued decline in rates, the Barbos refinanced again in December. Their new 30-year fixed mortgage is at 7.375%, lopping another $55 off their monthly bill. Since the couple had chosen a no-cost refinancing each time, their total out-of-pocket expenses came to just $400 in appraisal fees. So by the time you read this, they will already have recouped their up front costs. "Now we can use the savings to build up a cash emergency fund," says Bob.

If you are considering a second refinancing, don't overlook this potential tax write-off: When you pay points to refinance, you must deduct the amount over the life of the loan, usually 30 years. But when you refinance a second time, all of the points that have not yet been deducted from the first refinancing can be written off in a lump sum. Say you refinanced to a 30-year mortgage in 1993 and paid $3,000 in points. By now, you would have written off roughly $500. If you refinance again this year, you could deduct the remaining $2,500 on your 1998 tax return. For a homeowner in the 28% tax bracket, that works out to a savings of $700 -- enough to offset some or all of your costs this time around.

Main Office • 1844 Folsom Street • Boulder, CO 80302 • (303) 449-8855 • (303) 449-4455 fax • www.pmglending.com