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Universally speaking, a mortgage is the most expensive investment that a person can make in his/her lifetime. Letâ€™s say youâ€™ve purchased your home and youâ€™ve lived in it for quite some tim circumstances might have changedâ€”you may have lost your job or took one that pays less; your expenses might have grown due to kids entering school; and the economy might be down making your budget a bit shorter than it used to be. The time could be right for you to refinance your existing mortgage.

Before you can embark on a mission to seek a mortgage refinance, you might want to take note of some important things. Here are some of the key issues that you need to consider before you decided to refinance your mortgage.

The Costs of Mortgage Refinancing â€“ refinancing involves serious money. You must think about the financial consequences of this particular action, specifically how much you can save and how much you will spend to get it done. You have to take a look at your existing loanâ€™s interest and the rate of the new loan you plan to secure. A refinancing mortgage calculator can help you in this particular aspect.

New Loan, True Cost â€“ As you compare your existing loan to the new mortgage loan, you have to take a look at the mortgage comparison rate instead of settling for the advertised mortgage rate. Most of the time, the rates advertised are misleading since they do not show the fees and charges involved. If you plan to get a honeymoon rate loan, you have to understand that a 5% interest rate for the first year can spike up to 7% in the following year. Use a true rate mortgage calculator for your convenience.

Debt Consolidation â€“ Most people who own a number of credit cards, auto or mortgage loan, debt consolidation might probably be your best choice. If you have equity in your home, the best solution is to consolidate unsecured debts into the current mortgage. This means that the mortgage rates of the home loan would apply to all the other debts, which would allow you to lower your repayments. As a consequence, youâ€™d be able to save money for the purpose of lowering your mortgage balance. Use a debt consolidation mortgage calculator to determine the figures as well as how much you can save.

Personal Loan â€“ As happy as you might be with your new loan, you still canâ€™t avoid the need to have extra funds. Instead of refinancing your mortgage, you can try to apply for a Line of Credit of loan to access the stored equity in your property. A personal loan can also serve the same purpose. However, you might be required to pay a higher monthly repayment compared to when you use your homeâ€™s equity.

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