

SHOULD I REFINANCE MY MORTGAGE?

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INTRODUCTION

Depending on when you bought your home, your mortgage interest rate may be higher than what's available today. This means you may be paying more than you need to every month! Refinancing gives homeowners the opportunity to update their mortgage terms and take advantage of lower rates. Whether through market changes or changes in your credit score, you could qualify for a lower rate and end up saving a significant amount of money on mortgage payments over time. Use our refinance calculator to analyze your situation today!

SUMMARY OF INPUT

Current loan balance	\$179,476
Annual interest rate	7.25%
Number of months remaining	357
Current payment (optional)	\$1,227
Annual interest rate on new mortgage	6.13%
Number of months (30yrs=360)	360
Loan origination fee	0.00%
Other fees/discount points	0.00%
Other fees	\$1,742
Include closing costs in loan amount?	No

ANALYSIS

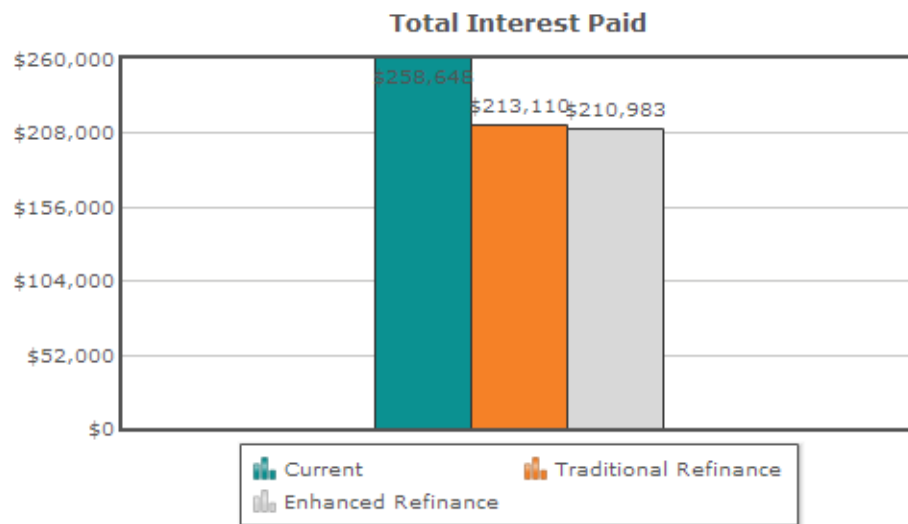
If you plan on staying in your home for longer than 13 months it may be time to refinance. After 13 months you would breakeven (recover the closing costs of \$1,742) and save money over your current mortgage situation. Your monthly payment would drop from \$1,227 to \$1,091, putting \$137 each month into your own pocket and you could save \$45,538 in interest over the life of the loan.

A 'traditional' breakeven analysis calculates all costs associated with a refinancing and divides by the monthly payment savings achieved by refinancing. Although the 'traditional' method does a good job evaluating when you might make your money back it ignores one key factor-your new mortgage will probably now have a longer term than your existing one.

To overcome this discrepancy, we recommend that you increase your monthly payment on your refinanced loan slightly until the refinanced loan pays off at the same time as the existing mortgage - 'enhanced' refinance. Your monthly payment will be slightly higher than the 'traditional' refinance, but your mortgage will pay off faster and you will reduce your overall interest paid. Below is an analysis of your situation.

	Current Mortgage	Traditional Refinance	Enhanced Refinance
Term	357	360	357
Payment	\$1,227	\$1,091	\$1,094
Breakeven	N/A	13 months	14 months
Total Interest	\$258,648	\$213,110	\$210,983

This information may help you analyze your financial needs. It is based on information and assumptions provided by you regarding your goals, expectations and financial situation. The calculations do not infer that the company assumes any fiduciary duties. The calculations provided should not be construed as financial, legal or tax advice. In addition, such information should not be relied upon as the only source of information. This information is supplied from sources we believe to be reliable but we cannot guarantee its accuracy. Hypothetical illustrations may provide historical or current performance information. Past performance does not guarantee nor indicate future results.



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