

Your Real Estate Advisor



Refinancing Your Home...

There are many "rules of thumb" used to determine when is the right time to refinance a home. You might have heard something like, the interest rate on the new loan must be at least two percent less than the old loan or it is not a good decision . . .

Another frequently quoted but just as frequently incorrect statement says that if your loan is less than two years old, you shouldn't refinance now.

Neither of these is entirely accurate. The decision to refinance a home should be based on whether you will own the property long enough to recapture the expenses connected with the new loan.

The procedure can be as simple as subtracting the proposed new house payment from the existing payment to find out what the monthly savings will be. Then, divide the monthly savings into the cost of refinancing to determine the recapture point in months.

If you are planning to stay in the home at least that long, then, in most cases, you should refinance. The only exception is that when the existing mortgage is in the last few years of its life, it could be amortizing very fast. Usually, this will not occur unless you are in the last quarter of the loan life.

Refinancing your home could also be considered as an alternative if it has accumulate enough equity as to consolidate debts which have higher interests that cannot be deductible in your tax report, as mortgage interests are, and, of course, the new payment of your mortgage is enough lower than actual debt payments as to be attractive.

If you need additional money for home improvements, evaluate the payment of the improvements with a personal loan *versus* the new mortgage payment including the new mortgage cost as you will incur in additional closing costs.

De La Guardia Group combines many years' experience, a thorough understanding of the real estate market, and cutting-edge technology to provide buyers and sellers with competent advice and proven results.



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