

Owning a Home: Refinancing

When is the best time to refinance?

It depends on how long you plan to hold on to your house and if you have to pay anything to refinance. In addition, it also depends on how far along you are in paying off your current mortgage.

If you are going to be selling your house shortly, you probably will not recoup any costs you incur to refinance your mortgage. If you are more than halfway through paying your current mortgage, you probably will gain little by refinancing. However, if you are going to own your home for at least five years, that's probably long enough to recoup any refinancing costs you incur and to realize real savings on lowering your monthly payment. If it is going to cost you nothing to refinance, you can gain even more.

Many lenders will allow you to roll the costs of the refinancing into the new note and still reduce the amount of the monthly payment. Also, there are no-cost refinancing deals available. In any case, it pays to consult your lender or financial advisor, or run the numbers yourself, before you refinance.