

Paycheck

3 important tips for refinancing your mortgage

This year, workers may achieve significant savings by refinancing their mortgages, even if they have been declined in the past. Contact a mortgage expert because the government continues to make lending rules more lenient and interest rates are near historical lows.

Here are some important tips:

1. Start by estimating the loan-to-value (LTV) of your current mortgage. If you owe less than 80 percent of the appraised value of your home, contact your current

lender and at least one competitor every year to determine whether you can improve your rate. I have many clients who in the past year have refinanced for 30 years at rates less than 4 percent and some as low as 3 percent on certain types of loans.

2. If your LTV is more than 80 percent, ask a mortgage professional whether your loan is owned or guaranteed by FHA, Freddie Mac or Fannie Mae. The cost for refinancing certain FHA loans decreased in June 2012, creating new opportunities for some FHA borrowers. If you have a Freddie Mac or Fannie Mae loan, you might be eligible to take advantage of the Home Affordable Refinance Program (HARP).

HARP originally was enacted in early 2009 and expanded in late

2011. Some applicants unable to benefit under Phase 1 might now be able to do so under Phase 2 because the new rules are more relaxed and some homeowners have experienced LTV changes over the last three years. In general, borrowers must meet the HARP criteria, which can be found at www.makinghomeaffordable.gov.

3. If you have been turned down for a mortgage refinance, you might get a different answer from a different lender on a different day. Shop around.

HARP Phase 2 has allowed for more appraisal waivers. Before you pay for an appraisal, ask your lender whether you are eligible for a waiver.

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