2024 · SHOULD I CONSIDER REFINANCING MY MORTGAGE?

MOUNTAIN PEAK WEALTH ADVISORS, LLC

Start Here

Do you plan to remain in your home for at least a few years?

- Yes → Are you nearing a milestone event, such as retirement or the end of an ARM or balloon term?
  - Yes → Consider refinancing (or a reset) before your options become limited by time or income constraints.
  - No → Is your loan to value ratio greater than 80%?
- No → Sorry, the costs may exceed any benefits of refinancing if you sell your home in the near term.

Is your loan to value ratio greater than 80%?

- Yes → Sorry, you may have a hard time refinancing, and will likely be subject to PMI.
- No → Has your credit score recently improved?

Has your credit score recently improved?

- Yes → Can you qualify for a new loan at a rate that is meaningfully lower than your current rate (or that removes PMI, if applicable)?
- No → Is your current rate fixed?

Can you qualify for a new loan at a rate that is meaningfully lower than your current rate (or that removes PMI, if applicable)?

- Yes → Consider refinancing, and seek loan terms that best match your needs and goals.
- No → Refinancing may make sense. Calculate the fees and costs to determine your breakeven point, and whether refinancing is justified.

Is your current rate fixed?

- Yes → Do you expect interest rates relative to your current rate to decrease in the future?
- No → Consider a 30-year term with a fixed rate. Apply excess cash to your savings or other financial goals.

Do you expect interest rates relative to your current rate to decrease in the future?

- Yes → Consider waiting to refinance to lock in a lower rate in the future.
- No → Consider a 30-year term with a fixed rate. Apply excess cash to your savings or other financial goals.

Consider refinancing, and seek loan terms that best match your needs and goals.

Are you a veteran, do you live in a rural area, and/or do you have a lower credit score or income?

- Yes → Consider whether a VA, USDA or FHA loan might be right for you. These government loans can offer lower down payments, favorable rates, and relaxed guidelines.
- No → Has your home value appreciated significantly?

Has your home value appreciated significantly?

- Yes → Contact your current lender to remove any PMI, and/or consider a cash-out refinance if you need to apply your home equity to other financial goals.
- No → Is your primary goal to reduce your monthly mortgage payment?

Is your primary goal to reduce your monthly mortgage payment?

- Yes → Consider a 30-year term with a fixed rate. Apply excess cash to your savings or other financial goals.
- No → Is your primary goal to reduce your interest expense over the life of the loan?

Is your primary goal to reduce your interest expense over the life of the loan?

- Yes → Consider a shorter term loan (e.g. 15-year fixed), making bi-weekly payments, and/or making extra principal payments.
- No → No additional planning opportunities.

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