**Refinance: What Are The Differences?**

**INTRO**

Have you wondered what the difference between all the refinance options are? This report will break them down for you, so you can see which would work best for you.

**REPORT**

With interest rates at record lows there has been a lot of talk about how right now is the best time to refinance. If you’ve looked into it, you might have heard of a few different types of refinances mentioned. The first being to just refinance an existing loan, or to do a “Cash-Out” to pull money from your existing home.  Then there is the HARP program created by the government to help people who have tired to refinance before, but weren’t able to. Depending on your situation or what you are looking to do with a refinance this report will help you understand the difference so you can figure out which one is right for you.

**Refinancing Your Loan**– When you refinance you basically obtain a new loan to pay off an older one. The main purpose to refinance your loan is to get a lower interest rate, which means you spend less money each month on your mortgage. When you purchase your current property there was a certain interest rate that you got. Now with interest rates at record lows, there is a big chance that the rate you got then is higher then they are now. Because of that you could be paying more for your home with that old loan then you could with a refinanced loan.

If you are looking to take advantage of historic low rates, so you can lower your monthly mortgage payments you need to look at a refinance loan.  Here are few options for a refinanced loan:

* 15-year refinance loans. Fifteen-year refinance loans are a popular option if you’ve paid off part of your existing mortgage and don't want to restart the clock on a new 30-year refinance loan. Fifteen-year refinance loans generally offer a lower interest rate, but have a higher monthly payment than 30-year refinance loans.

* 30-year refinances loans. Refinance loans with a new 30-year term may be a good choice for you if you want to lock in a fixed interest rate, but don't want to commit yourself to a higher payment.

Whether you choose a 15-year or 30-year refinance loan, consider the total interest expense as well as the new interest rate and payment.

**Cash-Out Refinance**– If your home is worth more than you owe on the existing mortgage you can use a cash-out refinance loan to gain access to extra cash. You can’t get a cash-out refinance loan if you owe more than your home is worth.

For example if you owe $80,000 on a home valued at $200,000 it has $120,000 in equity. That equity can be liquidated with a cash out refinance loan providing the loan is larger than $80,000.

If you need the extra cash to pay off debts, pay for home improvement projects, a child’s college, or even a vacation a cash out refinance is for you.

**HARP Refinance**-The Home Affordable Refinance Program or HARP 2.0 is a newer program started in 2009 that can help you refinance if a traditional refinance hasn’t worked for you because your home’s value has declined. This is not a program for you have not been paying your mortgage payments. This is a program for you if you have been responsible with your mortgage payments and also not missed a payment in the last 12 months. Now because of the decline in the price of your home, you have been stuck and not able to take advantage of saving money on their mortgage with a refinance. Rates are at historic lows, so the HARP program has been created so more people can take advantage of them and lower their monthly payments.

Contact us today and we can figure out which refinance program will work best for you.