

Title:

Lenders And Refinancing

Word Count:

388

Summary:

Refinancing is a common practice adopted mostly for home loan facilities. Refinancing is nothing but to pay off the old debt and taking a new one.

Keywords:

loans, mortgages, finance, credit cards

Article Body:

Refinancing is a common practice adopted mostly for home loan facilities. Refinancing is nothing but to pay off the old debt and taking a new one. The major reason for refinancing is to reduce interest rate. Reduced interest rate is nothing but less to pay every month and thus increase in the monthly income at hand. Refinancing happens all over, the only point to be taken into consideration is the right time to take refinancing options.

There are many reasons for refinance, the major ones according to Fanniemae being a. To reduce the interest rate. b. To build equity faster c. Change the loan type to one that is more feasible and more attractive. e. Improved credit rating. F. To draw equity on home that is already built. The major reasons are only two and that is to reduce interest and to increase the equity. The interest rate again depends on the discount point, which you can produce at the time of refinancing. For example if the interest rate is 7% then with a discount point the interest rate reduced to 6.75%. . With the array of different types of lenders and brokers, the borrower is at an advantage to choose his lender according to the interest and various schemes offered to him.

The various eligibility for applying for refinance depends on various factors like, how much is the existing mortgaging amount. For how long is the refinancing facility. How many years is the mortgage left? What would be interest amount saved etc., While applying for refinancing facility the lender always checks various details of the borrower like e.g., the source of income for the borrower, his credit rating, if a mortgage exist then what is the amount of mortgage, the term of the mortgage.

Therefore the advantage of refinancing depends on the reduction of the interest

or the lesser money he has to pay towards mortgage, the costs involved towards refinancing and how much the borrower is able to save money over the life of the loan. Costs plays an important part and the borrower has to see to it that the costs involved is not more than the mortgage left to pay. Thus refinancing is a boon to the borrowers particularly in the US where the array of lenders and brokers can give a borrower a good deal.