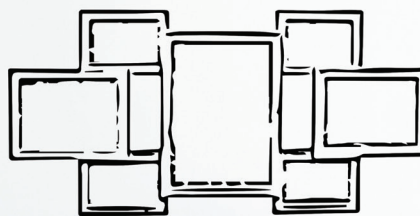


Refinancing pros & cons



THERE ARE PROS & CONS TO REFINANCING YOUR HOME. IT MAY NOT BE THE BEST CHOICE FOR EVERYONE, DEPENDING ON THEIR UNIQUE SITUATION.



PROS

- **Lower interest rate:** When refinancing at a lower rate, monthly payment decreases, and you'll pay less over your mortgage life.
- **Changing the term of your mortgage:** When you refinance, you essentially take out a brand new mortgage. This allows you to set new terms, meaning you can either lengthen or shorten the term.
- **Cashing out on home equity:** If your home is worth more than the remaining mortgage, you may be able to do a cash-out refinancing.

CONS

- **Refinancing costs:** There can be a lot of expenses involved in refinancing your home. Calculate whether the savings from a lower interest rate will balance out the fees.
- **Prepayment penalties:** Some lenders charge a penalty for paying off a loan early. Determine if any penalties apply and what they are, as that may add to refinancing costs.
- **Refinancing restarts amortization:** In the early years of a loan, you pay more on interest and less on principal. In later years, you pay more on principal and less on interest. Refinancing may set you back to paying more interest.