



Powered by  **EMPIRE**
HOME LOANS INC.



ADVANCED | MORTGAGE CONCEPTS



CONTENTS

1. Fixed vs. Variable Interest Rates
2. Understanding Mortgage Points
3. Mortgage Refinance Options
4. When to Choose Each Type

As you navigate the world of home financing, understanding advanced mortgage concepts is key to making informed decisions. This guide delves into some of the more intricate aspects of mortgages, including the differences between fixed and variable rates, the role of mortgage points, and the ins and outs of refinancing.

1. Fixed vs. Variable Interest Rates:

✓ Fixed-Rate Mortgages:

- ✓ The interest rate remains constant throughout the term of the loan, which means your monthly mortgage payments remain the same.
- ✓ Best for: Those who prefer predictability and stability over the long term.



✓ Variable-Rate (or Adjustable-Rate) Mortgages:

- ✓ The interest rate may change based on market conditions, meaning your payments can increase or decrease.
- ✓ Often starts with a lower initial interest rate compared to fixed-rate mortgages but carries more risk if interest rates rise significantly.
- ✓ Best for: Those who plan to sell or refinance in a few years or expect their income to increase.

CONTACT US:

(360) 621-2644
BARB@HOMELOANSWITHBARB.COM
MORTGAGE LOAN ORIGINATOR, NMLS 487448

VISIT OUR WEBSITE:

WWW.HOMELOANSWITHBARB.COM
EMPIRE HOME LOANS INC. NMLS 1839243



2. Understanding Mortgage Points:

- ✓ Mortgage points, also known as discount points, are fees paid directly to the lender at closing in exchange for a reduced interest rate.
- ✓ One point typically costs 1% of your mortgage amount and can reduce your interest rate by about 0.25%.
- ✓ Points can save you money over the life of the loan if you plan to stay in your home long enough to recoup the initial cost through lower monthly payments.



3. Mortgage Refinance Options:

- ✓ Refinancing involves replacing your existing mortgage with a new one, typically to take advantage of lower interest rates or to change the loan term.
- ✓ *Types of Refinance:*
 - ✓ *Rate-and-Term Refinance:* Adjusts the interest rate, the term, or both of your existing mortgage without changing the loan balance.

- ✓ *Cash-Out Refinance:* Allows you to take out a new mortgage for more than you owe and get the difference in cash. Useful for consolidating high-interest debt or funding home improvements.

✓ *Considerations for Refinancing:*

- ✓ Compare the costs of refinancing (such as closing costs) against the potential savings.
- ✓ Understand how refinancing will impact the total interest paid over the life of the loan.

4. When to Choose Each Type:

- ✓ The decision between a fixed-rate and variable-rate mortgage depends on your risk tolerance, financial situation, and the current interest rate environment.
- ✓ Whether to buy points should be based on how long you plan to own the home and the amount of cash you have on hand at closing.
- ✓ Refinancing should be considered when it can lead to significant financial benefits, like reducing your interest rate, shortening your loan term, or tapping into home equity for important needs.

CONCLUSION

Understanding these advanced mortgage concepts can help you tailor your mortgage to your specific financial goals and circumstances. As always, it's important to consult with a financial advisor or mortgage professional to evaluate your options based on your unique situation.

BARBARA MASTERS



MORTGAGE LOAN ORIGINATOR,
NMLS 487448

CONTACT US:

(360) 621-2644

BARB@HOMELANSWITHBARB.COM

VISIT OUR WEBSITE:

WWW.HOMELANSWITHBARB.COM

EMPIRE HOME LOANS INC. NMLS 1839243

