

# Mortgage Refinancing

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## Mortgage Refinancing Advantages and Disadvantages

Mortgage refinancing has advantages and disadvantages for every homeowner. If you are considering refinancing your mortgage you will need to weigh the advantages and disadvantages to decide if refinancing is right for your situation. Here is what you need to know in order to get started.{mosgoogle right}

There are many reasons for refinancing your mortgage. These reasons include lowering your monthly mortgage payment, paying off your mortgage faster, or cashing out equity in your home. You can lower your monthly payment by qualifying for a better interest rate and/or choosing a mortgage with a longer term length. If your goal is to pay off your home faster, choosing a mortgage with a shorter term length will build equity in your home at a faster rate. Finally, if your goal is to cash out equity in your home for a variety of reasons, refinancing with cash back is your answer.

Mortgage refinancing decision would, of course, also depend on the remaining term of your mortgage (for mortgage refinancing would make no sense if you had just a short period of say 4-5 years remaining on your current mortgage). These criteria for mortgage refinancing are based on the various costs associated with mortgage refinancing. These mortgage refinancing costs include prepayment costs for the current mortgage, closing costs of the new mortgage and other fees etc. Generally, people use mortgage refinancing as a tool to move from a higher adjustable rate mortgage to a lower fixed rate mortgage. Though the reverse is possible too in some cases but adjustable rate mortgage to fixed rate mortgage is generally the case.

Another reason for mortgage refinancing is 'need for money'. So, if you have built a significant home equity, you can use mortgage refinancing to get a home mortgage loan that will generate cash for you (by bartering your home equity). This money generated from mortgage refinance can be used for various purposes like financing the education of children, debt consolidation or home renovation. Debt consolidation is one big reason for mortgage refinancing. You can use mortgage refinance for creating money to get rid of high interest debts (like credit card debt, personal loans etc) and hence save money and your credit rating too.

Another common reason for mortgage refinancing is to borrow against the equity you own in your home. Mortgage refinancing with cash back is an affordable alternative to costly home equity lines of credit and second mortgage loans. By refinancing your mortgage and taking cash back you have one lower payment instead of two mortgage payments to juggle each month. Because your home is secured by one loan instead to two, you will qualify for a lower interest rate with mortgage refinancing. You can learn more about mortgage refinancing, including costly homeowner mistakes to avoid by registering for a free mortgage guidebook.

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