

The Rewards of Refinancing

More and more homeowners are finding that their home's equity can be a powerful financial tool. You can leverage your home's equity to help you get onto solid financial footing. Refinancing your current mortgage may be a step that can help you:

- Consolidate high-interest loans or bills into a single, more manageable monthly mortgage payment
- Lower your interest rate
- Reduce your monthly mortgage payments
- Reduce the term of your existing mortgage to pay it off faster
- Access available funds for tuition costs, home improvements, or to cover large expenses

A Word About Debt: Consolidate!

High interest rates on credit cards, loans and other debt can create a significant drain on your resources and often make it difficult to get out from under and get ahead. Refinancing may provide you the opportunity to consolidate your debt, and there may also be tax advantages.¹

Refinancing can offer a variety of benefits, but like any money management tool, it may not be right for your specific needs. Call the NEA Home Financing Program® for a free consultation. A Home Mortgage consultant will be happy to discuss the options open to you.

When Should You Consider Refinancing?

Our home mortgage consultants will walk you through the financing options available to you when you are considering a refinance. Here are a few of the factors they will look at:

- **Interest Rates.** If today's rates are at least .5% lower than your current interest rate, then it may be a good idea to consider refinancing your current mortgage.
- **Length of Time in the Home.** The longer you remain in your home the more likely your refinancing will pay off. If you're thinking about moving within 5 to 7 years, perhaps you should consider other debt consolidation options such as a home equity loan or line of credit instead.
- **Loan Term.** The amount of time needed to repay a loan is called the term. When interest rates are low enough, you may shorten the term of your loan without having to greatly increase your monthly mortgage payments. The shorter the term of the loan, the less you pay in interest for that loan.

Refinancing To Take Cash Out

This option enables you to convert some of your home's equity into cash that you can use any way you choose. With cash-out refinancing, you replace your current mortgage with one for a larger amount, and access additional money for any need you may have.

Here's an example of how it works:

A. Home's appraised value	\$ 150,000
B. Mortgage unpaid balance	(\$ 100,000)
C. Available unused equity	\$ 50,000
D. Cash needed for debt	\$ 20,000
E. New Mortgage Amount	\$ 120,000
F. New "Loan to Value" (LTV)	80%*

* Calculated as: Line E divided by Line A

To learn more about refinancing, call the NEA Home Financing Program at 1-800-632-4968 and speak with a Home Mortgage Consultant.

Remember, the benefits of the NEA Home Financing Program are also extended to parents and adult children of NEA members.

1. Consult your tax advisor for details. Wells Fargo Home Mortgage is a division of Wells Fargo Bank, N.A. © 2009 Wells Fargo Bank, N.A. All Rights Reserved. Equal Housing Lender.

#