

HOME FINANCING

Should you buy, refi or wait? Four important things to ponder

Many people are asking whether they should buy, refinance or continue to wait as they continue hearing how low mortgage rates are. Yes, we are in an unprecedented time where long-term fixed mortgages are at their lowest point in history. And yes, countless people are still stunned by the news, but still haven't made a decision on what to do.

So should you embark on a journey to new homeownership, payment reduction or term acceleration? Here are four points to consider:

1. Should you buy? Purchasing power for the homeowner and investor is at its highest, while interest rates remain low. Right now, the rate environment is still nearing historical lows, so as long as your new payment amount plus escrows fits well within your budget, then yes, you should buy. Remember though, if you are trying to sell a home to buy another one, you'll

have to carefully plan the timing since you'll experience both the negative side on the sale and the positive with the purchase.

2. Should you refinance? To be answered appropriately you should realize there are costs and break-even points that need to be analyzed with your long-term goals. A good rule of thumb for a break-even point for covering the cost of refinancing your mortgage is two years.

If you plan on staying in the property for longer than that, you'll realize the benefit of the interest rate reduction. Along that same line, moving from a 30-year fixed rate to a 15-year fixed rate might not affect your overall payment, but could greatly reduce total interest paid through the life of the loan. This would also bolster your personal financial statement by creating equity much faster.

3. Should you wait? A lot of people who haven't chosen to refinance or

move forward with a purchase are stuck in this category. They are mystified with the current rates and continue to watch to see if they'll go any lower. The problem with waiting is that rates will most certainly increase. The only question is, when will this happen? The Springfield market continues to be a buyer's market with depressed appraisals, and we are entering the winter months, when homes historically don't bring as much as the spring and summer months.

4. Lastly, which mortgage product is best? This can be a tricky question to answer because you may qualify for several products. Ask your lender for a side-by-side comparison of multiple products, analyzing the interest rate, closing costs, APR, and potential mortgage insurance premiums associated with the loans you qualify for. Also, it doesn't hurt to talk to more than one lender. Not doing your research could cost you thousands over the life of the loan.

In short, the time to buy or to refinance is now if either of those options fits into your budget, lifestyle or long-term goals.

Michael Farrar is director of mortgage lending at BluCurrent Credit Union. Contact BluCurrent at 887-1983 or go to blucurrent.org.



Michael FARRAR

NOVEMBER home CALENDAR

TO DO:

- Clean gutters and remove tree limbs that hang over the roof.
- Pull refrigerator out and clean condenser coils in back with a vacuum and a brush attachment. Vacuum dust from front lower grill and clean drip pan and drain (if you have one).
- Clean oven and stove drip pans on electric range. Clean surface burners if you have a gas stove to ensure proper flame level.
- Drain and store garden hoses.
- Check batteries on smoke and carbon monoxide detectors.
- Have fireplace flue cleaned and inspected before lighting first fire.
- Check and change furnace filter, if necessary.



Sources: — doityourself.com and realestate.msn.com

TO LEARN:

Home Depot workshops are held at 2104 E. Independence St. Go to www.homedepot.com or call 881-7277 for information. All are free.

- Saturday, Nov. 10, 17 and 24: 10 a.m. Interior Paint. Learn how to select tools and supplies to prepare and paint interior ceilings and walls, prep the room for painting, and how to use brushes and rollers.
- Saturday, Nov. 10, 17 and 24: 1 p.m. Small Updates for Kitchens. Learn how to prepare cabinet surfaces and backsplash areas, transform and restore cabinets, set tiles using SimpleMat, apply grout and clean tile, install cabinet hardware and lighting and to measure the square footage of cabinets and backsplash area.
- Sunday, Nov. 11, 18 and 25: 1 p.m. Learn about federal regulations regarding incandescent lighting and about the benefits of high-efficiency lighting types.



CONSUMER LOAN RATES

Banks	Home equity rate (PTS)	Auto	Boat
Assemblies of God CU	4.25	2.90	5.90
BluCurrent Credit Union	4.00	2.49	7.49
<small>(formerly Postal Federal Community Credit Union)</small>			
CU Community CU	5.00	3.99	4.99
Commercial Federal Bank	8.74	N/A	N/A
Community Financial	4.00	2.04	3.98
Educational Com CU	4.90	3.39	6.20
Empire Bank	5.00	3.70	3.70
First Home Savings Bank	5.25	6.25	7.00
First National Bank	5.75	5.75	5.75
Great Southern	5.50	3.49	8.99
Guaranty Bank	5.25	6.625	6.625
Metropolitan	5.50	4.75	7.00
Mid-Missouri	5.00	7.00	7.00
Midwest Financial	7.00	N/A	N/A
Old Missouri Bank	5.50	5.50	5.50
Ozark Bank	6.00	5.75	5.75
Southwest Mort. Co.	5.90	N/A	N/A
State Farm Insurance	4.00-6.50	2.59	5.79
TelComm Credit Union	4.00	2.99	5.25
The Bank of Missouri	4.50	5.94	5.94
UMB Bank	2.49*	2.99	8.25
Wood & Huston	4.25	3.90*	3.90*

Notes: * = fixed rate Dash (—) indicates information not available N/A (not applicable) either firm restricts loan to its customers or firm doesn't offer that type of loan

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