

TIME TO REFINANCE YOUR MORTGAGE ?



The Fed announced recently that it would spend up to \$500 billion to buy mortgage-backed securities and other debt from Fannie Mae and Freddie Mac to pump cash into the mortgage market. The national average rate on a 30-year fixed-rate mortgage quickly dropped to 4.89 percent in the second week of January, from almost 6.5 percent in mid-October, according to the Mortgage Bankers Association, a trade group.

With some mortgage interest rates at their lowest levels in decades, it's a good time to refinance, experts say. Here are their tips on what to do:

- Be persistent. Mortgage lenders have cut staff and are getting lots of calls, so you may have to be patient.
- You may want to wait. Or maybe not. Even the experts disagree on how low rates will go or how long bargains will last. With 30-year mortgages below 5 percent, you can't lose if you plan to stay in your house long enough for the lower payments to offset the closing costs.
- Expect much tougher lending standards. Many lenders are demanding much better credit and documentation of income and employment than in the past. A low home appraisal can also scuttle a deal.
- Get your financial house in order expect rates to stay depressed all year. That may give many homeowners time to improve their payment histories and to pay down their old loans to qualify for a new one. Some local borrowers have snagged rates below 5 percent on 30-year fixed-rate mortgages.

"We're saving a lot on interest," said Pat Garner, a self-employed Web site developer and consultant who refinanced her Douglasville home two weeks ago, replacing her 3-year-old mortgage, a 30-year loan at 6 percent. With a new 30-year loan at 4.5 percent, her monthly payment dropped about \$100, to \$715, she said.

Almost all his customers want traditional 15-year fixed-rate mortgages rather than more exotic loans, he said.

The continuing flood of home foreclosures is still holding down home values, and the loan boom so far has bypassed many people. Also, it's unclear what will happen later this year once the Federal Reserve's program to pump up the mortgage market runs out of funding.

The subprime mortgage meltdown in 2007 - 2008 of adjustable-rate mortgages, Jumbo loans and interest-only mortgages aren't available now, or are more expensive than fixed-rate loans. Experts say that with the global job market on edge now is the time to consider refinancing your mortgage. [Search for Jobs online](#) www.employmentcrossing.com