

# Selecting a refinancing option

Selecting a refinancing option that is right for you requires a lot of consideration.

Before you settle for a specific refinance option, there are some basic questions that you need to ask yourself such as interest rates, costs, terms and your financial objectives.

A first question should be why refinancing?

Well, by refinancing you could adjust your loan so that you are not paying very high rates of interest on your mortgage. This is always a good sign.

You also have two basic choices to make in terms on whether you plan to go in for a fixed rate or a variable rate.

A fixed rate loan ensures that interest rate of the loan remains the same over the period of the loan. In a variable rate, the interest rate fluctuates, generally with the fluctuations of the Prime rate or other indexes. Here, some times the rates may be really low but at other times they may be high. It is also always a good idea to keep in mind that home equity loan or a line of credit could be a good way to refinance. If you choose to go in for either of these, it could open up more refinancing programs for you to choose from.

The program you decide to go in should be decided by the goal of refinancing. Is it to shorten the pay off? or, Is it to get more money for remodeling or major renovations?

Refinancing usually takes two to three weeks. If you plan to go in for this, you need to make sure that you have some of the following documents ready before you go in to any financial institution: Proof of income, usually for the last 30 days, copy of home owners insurance, copies of asset information and copy of title.