

# Mortgage Tune-Up

## **Give your mortgage an annual once over**

If the last time you looked at your mortgage was when you closed on your loan, it's time to take it out for an annual once over. New loan programs and opportunities to leverage your home equity can bring you lower mortgage payments and new investment opportunities.

## **Is a fixed rate mortgage the best choice for you?**

Many of us opt for the certainty of a 20 year or 30 year fixed rate mortgage when we get our first mortgage. If you anticipate selling your home within the next 10 years, one of our new hybrid loans may be a better financial fit for you. Hybrid loans typically have a lower fixed rate than a traditional 20 or 30 year mortgage. The savings you receive can well be worth switching to a hybrid loan.

## **Are you paying for Private Mortgage Insurance (PMI)?**

There are a lot of new loan programs available that can help you eliminate PMI, even if you have less than 20% equity in your home. The monthly savings adds up quickly. This money can be put to better use to help you achieve other short-term and long-term financial goals.

## **Are your taxes and insurance up to date?**

Even though your mortgage servicer is responsible for paying your taxes and insurance out of your escrow account, it just makes sense to periodically check to see that these payments are being made properly. While you're at it, you'll want to review your homeowner's insurance policy. It's a good idea to review your policy every two to three years to make sure it covers recent home improvements, replacement costs for the contents of your home, and that its reconstruction coverage is keeping pace with inflation.



## **Do you have a Home Equity Line of Credit (HELOC) for emergencies?**

Many homeowners are making the proactive choice to secure a Home Equity Line of Credit (HELOC) for emergencies. A HELOC is a revolving line of credit that only charges interest when you actually draw money from the line of credit. As you repay the balance of the draw, the credit becomes available again. Securing a HELOC in advance can be a great help if you're ever laid off or have an unexpected medical or other emergency.

## **How's your credit report?**

The information in your credit report has a huge impact on whether or not you will again qualify for a mortgage loan. That's why it's important to periodically check your credit report.

Now it's even easy to do so. A recent amendment to the federal Fair Credit Reporting Act (FCRA) mandates that each credit reporting company provide you with a free copy of your credit report, at your request, once a year. To request your free credit report, visit <http://www.annualcreditreport.com>. (Free reports are being phased in over a nine-month period, rolling from the west coast to the east beginning December 1, 2004. By September 1, 2005, free reports will be accessible to all consumers.)

## **Are you making the most of your home's equity?**

With rising home prices, you may have more equity in your home than you realize. Taking out a home equity loan to payoff credit card debt, car loans and other higher interest debts makes good financial sense.

**Is it time to refinance?**

The timing might be right to refinance your mortgage loan. New rates may help you significantly lower your monthly payment. Or you might want to “cash out” some of the built-up equity in your home, which you can use to consolidate debt, improve your home, take a vacation - whatever! Perhaps by refinancing you can even pay off your mortgage sooner!



We'll work with you to determine if the timing is right to change your loan program, considering your cash on hand, how likely you are to sell your home in the near future, and what effect refinancing might have on your future plans.