

## Should I Refinance My First Time Home Mortgage?

Buying your first home is definitely a huge first step and you will probably never forget the experience of applying for that first loan and closing on it. For many people, there is an assumption that they will always have the same loan and their mortgage payment now will be the same in 30 years. While many people stick with the same loan for the duration of their home ownership or until the loan is paid off, more and more people are looking into home refinance. This is the process of paying off your original loan with another and then paying on the new loan. There are some benefits to doing this and this leaves many people asking if they should refinance their first time home mortgage.

### First Time Home Refinance

It can be difficult to determine if you should refinance your home. If you ask the question whether or not you should refinance your first time home mortgage the answer will really need to be based on your specific situation. Many people got a great deal the first time around and they will be hard pressed to beat the offer that they got. If you had excellent credit and you got a great deal, you may find that you never need to refinance. For instance, if you bought your home and you have a 5% fixed interest rate and you plan on staying in the home for at least 10 years you probably will have a hard time finding a home refinance loan that will justify the expense and the time that goes into the process.

Many first time homeowners find that home refinance is something that they need to consider because they did not get the best deal the first time around. If you had bad credit when you purchased your home and you have been working on your credit since the time that you bought the home and your credit is vastly improved, you may find that refinancing is a great option for you. For instance, if you bought your home and you had an eight percent interest rate due to your credit rating and you have been working on your credit than you may find that you can substantially lower your interest rate and save a lot of money.

Another time that home refinance may be a great option is when you have an adjustable-rate mortgage and you want to refinance for something more stable. Many first time homebuyers can only qualify for adjustable-rate mortgages and after three to five years in the home they have decided that they want something more stable. Just having a home for this amount of time can help you build up your credit and possibly help you be approved for a fixed rate home loan that will give you the stability that you need.

Other homeowners decide to refinance so that they can take cash out of the equity of their home. This is very much like a home equity loan and will allow the homeowner to make improvements to the home or pay off bills or something of that sort. This is often a great way to get the funds that you need without having to go to the bank for another personal loan. This is a viable option, but not one that should be acted upon without much consideration.

### About the Author

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