

Considering a refinance? Try for a 'home run'

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Q: Where should I look for a refinance loan to lower my payments without redoing a 30-year loan? I heard there is a government program that can help me. My current mortgage is with a big box lender.

A: You seem to be asking whether you might qualify for a loan refinancing under a government program to prevent foreclosures. The "Home Affordable Refinance Program" or HARP was set up during the Great Recession to help homeowners avoid foreclosures and defaults.

To see whether you qualify under HARP, you can check your eligibility at HARP.gov. You'll notice that there are two different

qualifications for eligibility. On the one side, your loan needs to be backed by Fannie Mae or Freddie Mac and your loan must have been taken out no later than May 31, 2009. Also, you must have little or no equity in your home and your home must be your primary residence.

On the HARP.gov website, there are some steps you can take to determine if your loan is eligible for a HARP refinance. Having said that, you might be better off checking with a mortgage lender or mortgage broker to see if you have other options (particularly if your home has increased in value).

There are quite a number of factors that go into deciding whether to refinance your loan or not.

If you were to tell us that you are 25 years into your 30-year loan and didn't want to extend the term of your loan, we'd probably suggest that refinancing is not the right option for you. In the early years of a loan, each payment is mostly interest with some reduction in principal. In the last years of your loan, you pay mostly principal and very little interest in each payment.

If your home has appreciated in value and is worth considerably more than your loan, a mortgage lender or mortgage broker can give you different options to see if a conventional refinance is an option for you.

We believe there are four parts to what we call a "home run" refinance.

First, you would ideally

want to lower the interest rate you're paying. Second, we'd also like to see you reduce your monthly payment. Third, we'd like to see you compress the term of the loan (which is where the real savings kicks in). Finally, you'd want to carefully manage the closing costs, so it doesn't take too long for the savings to kick in.

If you get all four of these things, it's a "home run" refinance. Go ahead and do it.

But, sometimes you can only get two or three of these pieces. And, if that's the case, when do you pull the trigger?

First, a lower monthly payment shouldn't always be the top priority unless you are in danger of not making a mortgage payment. If you're 15 years

into a 30-year loan, you should shop for a 15-year loan (or even a 10-year loan) to see if you can end up paying off your loan around the same time as your original loan. If you can do that, you'll save yourself all the additional payments that you might make past the original end date of your loan.

The last item on deciding to refinance is how much refinancing will cost you. If the cost to refinance your loan is several hundred dollars and you can get that back from the savings of the refinancing in a couple of months, it's a great deal. But if the costs to refinance are several thousand dollars and it will take you years to get even, it might not be worth refinancing.

So, talk to a couple

of local, well-regarded mortgage brokers or lenders to get an idea of how much equity you have in your property and which sort of loan programs will meet your most immediate need. Hopefully, you have enough equity to qualify for a conventional refinance, which will almost certainly be less expensive than a HARP refinance.

Ilyce Glink is the creator of an 18-part webinar+e-book series called "The Intentional Investor: How to be wildly successful in real estate," as well as the author of many books on real estate. She also hosts the "Real Estate Minute," on her YouTube channel. Samuel J. Tamkin is a Chicago-based real estate attorney. Contact Ilyce and Sam through her website, ThinkGlink.com.



PHILLIPS RESERVOIR PROPERTY - BAKER COUNTY, BAKER CITY, OR - 21 miles from Baker City, the property offers a beautiful timbered estate, gorgeous views and year round recreation opportunities. This property has a little over 2 acres in a secluded area bordering the National Forest boundary. **\$350,000 #RG00117**



BALLARD CREEK - BAKER COUNTY/OXBOW, OR - 160 acres hunters paradise surrounded by BLM and NF 3 sides. Good water and timber. Zoned timber/grazing. **\$160,000 #RG01916**

SALMON CREEK RANCH - PENDING - BAKER COUNTY, BAKER CITY, OR - 42 acres, home, equestrian facility, timber, pasture, springs and USFS adjacent. 6 mil from town. **#RG00115 \$599,000**

Couse Creek Property - PENDING - Umatilla County, Milton-Freewater, OR: 16.93 acres with 14.5 acres fenced and crossed fenced in pasture. Craftsman style, 1,442 sq. ft. home. Outbuildings include double car garage/cook house, machine shed and shop. Couse Creek runs through property. **\$380,000. #RG03016**

Stevenson Farm #1 - Umatilla County/Pendleton, OR: Development potential on this 76.37 acre parcel. Zoned to allow the creation of 4ea nine acre lots with 40+ acres of river bottom remaining for recreation. **\$350,000 #RG02415**

10th St Commercial Bldg - Baker County/Baker City, OR: This 122,726 sq. ft. lot includes a 1,644 sq. ft. building built in 1981. The property has a perimeter chain link fence and three entrances, on 9th Street, East Street and 10th Street. **\$299,000 #RG02014**

Big Buttercreek CRP - Morrow County/Echo, OR: CRP income property. 186.9 acres of land with 157.7 acres of CRP. Annual CRP payment of \$10,992 with power and well located on the property. CRP contract runs through 2020. The balance of the property is range pasture. **\$295,000 #RG03515**

Buell Farm - SOLD - Polk County/Sheridan, OR: Bargain priced. 86+/- acres of potentially buildable rural acreage. Small stream, 51 acres previously farmed, has raised Christmas trees, oak trees, nice setting. **\$270,000 #RG01516**

McNamara Trust CRP - Umatilla County/Pendleton, OR: 150.64 total acres of which 142 acres currently enrolled in CRP. Great potential home site near Pendleton with power located near property. **\$250,000 #RG00716**

Elkhorn Mountain Getaway Ranch - Baker County/Baker City, OR: 230 +/- acres timber parcel located between Rock Creek and Muddy Creek. Adjacent to ODFW area at the base of the Elkhorn Mountains. Located 8 mi West of Haines. **\$230,000. RG#00717**

Stevenson Farm #2 - Umatilla County/Pendleton, OR: Potentially buildable lot of record. 39.24 acres with great views of the Blue Mountains. Adjacent to a County road and 1/2 mile to power. Past uses include wheat production. **\$150,000 #RG02515**



SKEELS PROPERTY - UNION COUNTY, UNION, OR - Secluded buildable 80 +/- acres near Tollgate and the Spout Springs Ski Resort. Mixed timbered and open parcel on the breaks of Lookingglass Creek. Forest Road access is seasonal. Bordered on 2 sides by Umatilla National Forest. Great view property. WMU 56. **\$290,000. #RG02316**



OLD RATTRAY RANCH WEST - GILLIAM COUNTY, CONDON, OR - 939.75 total acres. Property consisting of 612.27 acres of range, 229.52 acres currently in wheat production, and 97.96 acres of CRP. Abundant deer and upland birds with occasional elk. **\$385,979. #RG02516**

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