Remortgage With A Fixed Rate

The term fixed remortgage, or fixed rate refinancing of your home is nearly redundant. The primary point, unless you are in dire straits and just need the money, is to save money by replacing your first mortgage with its high interest rates with a second mortgage whose rate is lower. There's no point in looking at a variable rate, which reduces your certainty of improving your financial lot.

If you remortgage you need a fixed rate. It's that simple. A remortgage and its lower fixed rate was the talk of the United Kingdom the past 12 months. For most of the borrowers in that time period the fixed remortgage lowered the mortgage payment for them every month and freed up some of their cash for investments or spending. Others decided to borrow more than the amount they actually owed on their homes. They did this through an arrangement called a cash out refinance. They then used the money for remodeling or expansion, to buy a new car or new furnishing, or to pay off their high interest credit cards.

Now perhaps you're considering a remortgage at a fixed rate. You have to decide if the time is right and your situation makes it a good sound decision for you. While there is no real cut and dry answer to this one word of caution is that if your balance is relatively low and / or you only have a few years to go to finish paying on your loan you are probably better off staying with your current loan. That new fixed remortgage, no matter how good the rate is probably going to cost you more in time, fees and effort than you will save in the long run.

If, however, you still owe a ton of money on your home and you have several years left on that loan, you should, by all means, look at the various fixed remortgage options. Do this even if you just got a fixed rate remortgage a few years back. It used to be that it was never a good idea to refinance when the new loan was only two points (two percent) lower than the mortgage you now had.

This is a tired old rule that has been broken time and again, and with good reason. Nowadays there are so many low interest fixed remortgage bargains that a drop of even less than one percent may make it financially advisable for you to replace your current mortgage with a new one. The answer to this depends on how badly you need the extra cash it could bring, how much equity you now have in your home and how many more years to plan to live there.

You can get out your own trusty calculator if you have a good financial and real estate head or you can head to the nearest office of your trusted mortgage broker or loan officer and get some help figuring your best option. You'll want to know your break even point. This is the point at which you have recovered the cost of closing on your new fixed remortgage.

About the Author

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