

Tip of the Month- Benefits of Low Interest Rates **From Ric Martel and Roksana Bedrij - The Win Win Home Sales Team**

When you see interest rates at historical lows, these are some ways you can put this opportunity to work for you. As they outlined in the postcard:

Tip A: Refinance and lower your current monthly payments, and

Tip B: Sell your current house and invest in a larger house in a larger house more of the features you want at comparable payment levels. Delving into this deeper, here is what you need to know.

It is time to benefit from these historically low interest rates. Let's look at some examples of how a lower interest rate can save you some money; not only on a monthly basis, but on a huge scale over the life of the loan. First, let's use a mortgage amount of \$250,000 at 4.75%. The monthly payment on this loan, principle and interest is \$1,305. Now, compare that with an interest rate of 5.75% and the principle and interest payment of \$1,459. That is a savings of \$154 a month. Now multiply that over thirty years and that is a total savings of \$55,440! If you do the same on a \$500,000 loan, the payment is \$2,609 at 4.75% versus \$2,918 at 5.75%. The difference in this payment is \$309 per month or an amazing savings of \$111,240 over the next thirty years! This savings will go a long way towards retirement, college education or for whatever you decide to use the money!

On a twenty year mortgage, the \$250,000 loan would be \$1,616 at 4.75% and \$1,756 at 5.75% or \$140 per month less. Over twenty years, this will save \$33,600. On the \$500,000 loan the twenty year payment would be \$3,232 at 4.75% and \$3,511 at 5.75%. The savings would be \$279 per month or \$66,960 over the life of the loan.

Benefit from these rates while the opportunity is here!

30 Year Mortgage Comparison:

<u>Loan Amount</u>	<u>Payment at 4.75%</u>	<u>Payment at 5.75%</u>	<u>Monthly Savings</u>	<u>Life of Loan Savings</u>
\$250,000	\$1,305	\$1,459	\$154	\$55,440
\$500,000	\$2,609	\$2,918	\$309	\$111,240

20 Year Mortgage Comparison:

<u>Loan Amount</u>	<u>Payment at 4.75%</u>	<u>Payment at 5.75%</u>	<u>Monthly Savings</u>	<u>Life of Loan Savings</u>
\$250,000	\$1,616	\$1,756	\$140	\$33,600
\$500,000	\$3,232	\$3,511	\$279	\$66,960

Looking at Tip B: From these comparisons, think about what the savings would be if you sold your current house and upgraded to a new house with the amenities and features you have been dreaming of; master suite, finished basement, pool, 2-car or 3-car garage, larger yard or family room with fireplace. Due to the downward adjustment in prices, you can get these amenities and more and your monthly payment may not increase as much DUE to the LOWER INTEREST RATES.

In both scenarios you win and that is the goal of our Tip of the Month. Thank you for reading this over and please let Ric and Roksana know if you have any further questions, or would like to get a current market analysis for your property or would like the name and number of a Superior Mortgage representative. Lastly, let them know if you would like to preview some homes with those amenities and features you have been dreaming about.