When Refinancing Actually Makes Sense

One division problem answers it.

THE BREAKEVEN FORMULA

Closing costs divided by monthly savings equals months to break even. $4,500 in costs saving $250 a month breaks even in 18 months. Keep the loan past that and everything after is profit.

BEYOND THE PAYMENT

Refinancing also wins by killing PMI, shortening the term, or consolidating expensive debt. Sometimes the payment barely moves but the loan gets structurally better.

THE RESET WARNING

A new 30 year clock on a loan you have paid for 8 years can cost more lifetime interest even at a lower rate. Ask for the new loan priced at your remaining term too.

REFI SANITY CHECK

- **Costs ÷ monthly savings = breakeven months**
- **Staying past breakeven? Worth a look**
- **Price the shorter term option too**
- **PMI removal counts as savings**
- **No cost refis trade rate for fees, sometimes smartly**

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