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THE HOME FRONT

Sitterle Homes opens new subdivision

Sitterle Homes has opened a new subdivision of conventional, single-family homes in Stone Oak. The San Antonio-based builder, known mostly for garden homes, opened its first model home at Stately Oaks in the Heights at Stone Oak.

Ninety homes are planned for the Sitterle Homes community. They will be priced from the \$250,000s to the \$320,000s and range between 2,011 and 3,600 square feet. The six floor plans set for the subdivision will feature all-masonry exteriors.

For more information, call (210) 481-6565 or visit www.sitterlehomes.com.

— Aïssatou Sidimé

Contest to determine the moving masters

The moving process can be quite the chore — depending on how many boxes, antique vases, grand pianos and pets you have.

But if you're a master, there's a contest to reward you for your techniques.

It's the Duck brand "Moving Made Easy" contest, in which you're invited to submit your most helpful moving suggestions for a chance to win up to \$2,500.

The first-place winner will receive \$2,500, second place is good for \$1,500 and the third-place winner will get \$750.

For more information, visit www.makingyourmove.com

— Creighton A. Welch

NestFest: Real Estate Blog

Hopelessly addicted to HGTV? Does your ideal date include checking out the latest open house or home tour? Is the Real Estate section the first part of the paper you turn to on weekends? Then check out the launch of the new real estate blog, Nest Fest, the blog that covers real estate goings-on in San Antonio, on the Real Estate section at MySA.com



ASSOCIATED PRESS FILE PHOTO



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When to REFINANCE

Homeowners must consider several factors to ensure they're making a wise move.

BY AÏSSATOU SIDIMÉ

asidime@express-news.net

Interest rate cuts signal that it's getting cheaper to borrow money. After the seventh rate cut in the past year, the average 30-year fixed-rate mortgage has about a 5.8 percent interest rate, according to Bankrate.com.

The low rates could spark a wave of mortgage refinancing among homeowners.

"With low interest rates you generally expect high levels of refinancing," said Jim Gaines, research economist for housing markets at the Texas A&M University Real Estate Center. "We saw it in 2003 through 2006 when rates dipped below 6 (percent) — although we're not seeing it now."

So when should a homeowner cash in to lower monthly payments or to tap into some equity cash to add that coveted bathroom or home theater system?

Many economists think short-term rate cuts are done for the near future as the economy — the driver for recent rate cuts — typically begins to grow after a presidential election. "I think interest rates are going to stay steady because it's an election year," said Vini Shah, marketing director and mortgage banker at Amerinet Mortgage. "Rates go down when our economy is in trouble. The Fed lowers the rates so we can buy a house. And if you buy a house, you buy furniture, you buy trees, you buy lawn equipment, which will help the economy."

There are two types of refinancing options: a streamlined refinance that just alters the rate and term of the mortgage, and a cash-out refinance that involves withdrawing equity. The type of loan will affect the amount of paperwork involved to get approval, Shah said.

For instance, a streamlined loan through the Federal Housing Administration is based solely on payment history for the mortgage, unless the refinance will result in higher monthly payment. But a cash-out loan requires full review of the homeowner's credit score and income.



WHO SHOULD REFINANCE?

■ Borrowers with adjustable-rate mortgages set to adjust to a higher rate

■ Borrowers with a mortgage in its first 10 years

■ Owners who would save enough with the lower rate to recoup the refinancing costs

REFI QUICK CALCULATION

Most lenders recommend refinancing only if the homeowner will own the home long enough to recoup the costs related to the refinanced loan.

Here's how to do the math:

■ **Formula:** All closing costs divided by the estimated monthly savings from refinancing = months to recoup costs.

Then, the number of months divided by 12 = number of years to recoup the costs.

■ **Example:** On a \$150,000 loan, a homeowner would have to pay about 5 percent, or \$7,500, in closing costs.* If the owner will save \$100 a month, he or she would have to own the home six years to recoup the costs. (\$7,500 divided by 100 = 75. Then, 75 divided by 12 = 6.25 years.)

*Closing costs include origination fees, points, title insurance, etc., plus any insurance and taxes to be escrowed.

SOURCE: DIANNE Y. AYALA STEFFEY

HIGHLIGHTS: ON YOUR MARK, GET SET, LANDMARK!

BLANCO ROAD AND WURZBACH PARKWAY



COURTESY PHOTO

- **LOCATION:** Oaks at Vista Del Norte, 12810 Vidorra Circle
- **SIZE:** About 2,333 sq. ft.; 3 bedrooms, 2 baths
- **AMENITIES:** Contemporary interior, study, designer fixtures, red accents in kitchen, breakfast bar, plantation shutters, pool, outdoor stereo, covered deck
- **LIST PRICE:** \$259,900
- **CONTACT INFORMATION:** Bradfield Properties, Sally Brown, (210) 210-1646
- **MLS NUMBER:** 711776

BLANCO AND BITTERS ROADS



COURTESY PHOTO

- **LOCATION:** Mission Ridge, 16101 Mission Ridge
- **SIZE:** About 2,843 sq. ft.; 4 bedrooms, 3½ baths
- **AMENITIES:** Updated kitchen counters, appliances, cabinets; new paint inside; loft with built-ins; new wood, tile, carpet and deck; refinished pool; guard gated
- **LIST PRICE:** \$299,750
- **CONTACT INFORMATION:** Keller Williams Legacy, Sue Black, (210) 393-3193
- **MLS NUMBER:** 716331

BLANCO AND BITTERS ROADS



COURTESY PHOTO

- **LOCATION:** Hill Country Village, 408 Tower Drive
- **SIZE:** About 4,475 sq. ft.; 5 bedrooms, 4½ baths
- **AMENITIES:** On 3.12 acres, fully fenced, 1-1 guesthouse with porch, wraparound porches, metal roof, master and bed/bath down, champion tennis, detached workshop
- **LIST PRICE:** \$1,375,000
- **CONTACT INFORMATION:** Keller Williams Realty Heritage, Randy Everett, (210) 336-8769
- **MLS NUMBER:** 714641

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Refi closing costs key, as are time, taxes

CONTINUED FROM 1D

In deciding whether to refinance now, a homeowner should consider the cash savings generated by dropping to a lower interest rate versus the closing costs, the length of time the owner will be in the home, and tax issues.

RATE COMPARISONS

A big determinant in whether to refinance is the difference between the current interest rate and the rate on a refinanced mortgage."

"The (refi) rate should be at least 2 percentage points lower," said Steven Bankler, a certified public accountant and personal finance specialist. "If it's only a half a percent or 1 percent, it may not be worth the cost, depending on the size of the loan."

Homeowners who have adjustable-rate mortgages probably should refinance, said Dianne Y. Ayala Steffey, charter financial consultant and mortgage broker at Sterling Mortgage Services. A refinance now could help ARM holders avoid significant jumps in mortgage rates later, she said.

For instance, on a \$150,000 mortgage, the principal and interest payments would jump from \$948 a month to \$1,049 after just a single 1-percentage-point increase.

"If you have the capability and wait out your prepayment penalty, you should refinance the (ARM) even if there isn't any savings, because it is providing you a fixed rate," Steffey said.

FEES

In most cases, homeowners who refinance will have to pay closing costs, which average 5 percent of the mortgage face value, including insurance and property taxes. On a \$150,000 loan, that equals about \$7,500, Steffey said.

There are a few ways to mitigate the impact of fees: Any taxes and insurance payments that were being held in escrow for the original mortgage will be refunded to the borrower after closing. Plus, many lenders allow borrowers to roll the closing costs into the new loan, but that will increase the loan balance. Borrowers who have at least 20 percent equity

“The rate should be at least 2 percentage points lower” for a refinance to be worth it.

STEVEN BANKLER, CPA
and personal finance
specialist

can opt not to escrow insurance and tax payments.

Shah also recommends that all borrowers approach their existing lenders about refinancing as a way to cut costs. In many cases, existing lenders will waive fees. Shah said she was able to avoid paying closing costs when she refinanced a loan at Washington Mutual because she was already a longtime customer.

"Some banks will refinance you because they want to keep the loan," Shah said. "I went from a WAMU loan to a WAMU loan with no fees because I was on time and a WAMU customer for 12 years prior."

But most lenders will expect borrowers to pay for at least a new appraisal.

MOVING PLANS

Homeowners also should calculate how long it will take to recoup any upfront costs based on how much will be saved on the monthly payments, lenders say. For instance, if fees total \$7,000 and the monthly payments drop by \$100 after a refinance, it will take nearly six years to recoup the expenses.

That's important to know because most homeowners should not refinance if they plan to move and will not live in the house long enough to recoup the closing costs and other expenses, said Joe Mays, president of American Property Financial mortgage brokerage.

"I like to use the analogy that if you've got a used car and are thinking of replacing the existing battery with a lifetime battery, it will be worth it only if you are thinking about keeping the car for a long time," Mays said. "But if you

are thinking about selling it in a year, then it would not be worth it to buy the lifetime battery."

OTHER CAVEATS

Most lenders also caution against a refinance if the homeowners have less than 10 years remaining on the mortgage. That's because most refinanced mortgages have a minimum 15-year term. So extending the mortgage from 10 years to 15 will cause a homeowner to pay much more in interest.

Many homeowners take out a mortgage to boost their income-tax deductions since points paid at closing and mortgage interest are deductible.

However, buyers who had hoped to boost their tax deductions by refinancing may be disappointed. The points paid on a refinance are not treated the same way on federal income tax as the points paid during the initial purchase of the house, CPA Bankler said. Instead, the homeowner will have to spread out the deduction for the cost of points from a refinance over the life of the new loan.

Refinancing is not available to everyone, mortgage brokers say. The FHA streamlined refinance requires a minimum 580 credit score, a history of on-time debt payments for the past 12 months, and that the homeowner's total monthly debt payments — including credit cards, car notes and other loans — not exceed 43 percent of monthly income, Steffey said.

Texas laws also limit which borrowers can roll closing costs into the new loan amount. Texas requires a homeowner to have at least 20 percent equity after a refinance. So, since closing costs and prepaid expenses tend to range between 3 percent and 5 percent, a homeowner must have between 23 percent and 25 percent equity before refinancing with rolled-in costs.

A mortgage refinance is not appropriate for all homeowners. But it can offer a way to lock in savings for some.

"Rates are at the best right now as compared to 20 years ago when they were at 22 percent," said Shah of Amerinet Mortgage.

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