

OBJECTIVES

Welcome to *Understanding Your Options: Mortgage Refinance and Home-Equity Loans*. Buying a home probably took considerable time and effort, but now you are a proud homeowner!

Your hard work is not over. You earned the dream of homeownership — likely the largest investment you will ever make. Now you have to protect not only your shelter but also your home as a financial asset. Safeguarding your home involves many tasks, such as routine home maintenance and ongoing financial management.

Managing your personal finances wisely is a critical part of owning a home and achieving financial security. As you may already know, money management is about choices — choosing how to spend and save your money. As a homeowner, your options may include adjusting your mortgage payments or terms by refinancing, or borrowing against the equity in your home to get cash for remodeling. Whether or not to refinance your mortgage for better rates or different terms, or to tap into your home equity, can be difficult decisions to make, influenced by many factors.

This manual gives you information on how to manage your home as a financial asset. It will help you consider when it makes sense to refinance for different mortgage rates or terms. And it will help you determine when it is wise to obtain a loan against the equity in your home. It covers:

- Options and special considerations for refinancing for better rates or different terms;
- Options and special considerations for borrowing from home equity;
- How to shop for a refinance or equity loan;
- The terms and costs of refinance and equity loans; and
- How to avoid predatory lending.

This manual includes a glossary of terms beginning on page 52. Terms that are included in the glossary are noted in **bold** throughout the text.