Real Estate Investment

Student’s name

Institution

Date

**Introduction**

The decision to refinance the mortgage depends on several factors. According to Banton (2019) the decision depend on the interest rate, the length of payment and the period it takes to recoup the investment. Refinancing is easier for people having properties already. However, the decision to refinance the mortgage is based on the fact that the interest rate is 3.625%, the term of payment is 30 months. The analysis the financial statement indicates that the balance at the end of the period was negative, the balance was -$53. This means that the payment saving was higher. Negative balance means that, it is possibility that the amount spend was not available. It is operating on debt at the end of the 6 year. In loan repayment it could be translated that the mortgage balance is negative meanly the mortgage is completely serviced at the end of the period.

The different between point and loan cost is based on the mode of repayment. Point is regarded as the buying down the rate. The payment is based on the interest rate on the market. However, the loan cost is the monthly loan payment by the borrower. It is calculated based on the amount an individual borrowed from a financial institution (Lean, 2017). The total cost of refinancing $157,523 based on the five years period. Moreover, the decision to refinance the mortgage is based on the interest rate, and the period and therefore, the interest rate is lower and the period for repayment is long. Therefore, it would be a good investment to financing mortgage. However, the change of mind on refinancing mortgage would depend on the financial performance of the market sector. And the performance of the real estate industry, if the performance declined, it would be possible to change my mind on whether to refinance the mortgage.

# References

Banton, C. (2019). Is Refinancing My Mortgage a Good Idea?

*ttps://www.investopedia.com/ask/answers/09/refinancing-mortgage.asp* , 2-15.

Lean, M. (2017). What is the difference between a mortgage interest rate and . *Real Estate*

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