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ENERGY ONE

Source

FUELING YOUR FINANCIAL FUTURE SINCE 1935

Energy One Federal Credit Union is a member-focused institution. We provide this monthly newsletter in an effort to help our members be educated and informed in the financial world today.

Refinancing Your Mortgage in Today's Market

The good news is that today's interest rates are very close to historic lows. For people with good credit, it's not unusual to see mortgage rates at 4 percent or lower. That's half of what they were a generation ago!

However, even with low interest rates, it has been difficult to qualify for a refinance. That's partly because the average credit score that it takes to qualify for a loan has been on the rise in recent years. On the other hand, home prices have begun to recover from the housing crash of 2008-2011 and it is now much easier to qualify for a loan given the general increase in equity.

That should be great news. In fact, according to the White House, the average homeowner still paying a mortgage could save up to \$3,000 per year simply by refinancing at today's low interest rates.

Additionally, interest on refinance mortgages secured by your primary residence is still generally tax-deductible.

The bottom line is that this may be the right time for you to refinance. However, before you do, here are some things to consider:

Am I still upside-down? If you are upside down in your home - meaning you owe more on your mortgage than your home is worth, it may be difficult to refinance. You could potentially use other forms of collateral, if you have it available. But that might mean the interest on the loan is not tax deductible. In some cases, you might need to wait until your home's value recovers sufficiently so there's enough equity for you to refinance.

Will I have to pay PMI? Generally, you must pay PMI if your loan-to-value ratio is 80 percent or higher. However, with the increase in home prices, it might make sense to get your home appraised as part of the application for a new loan or refinance. You might not have to pay PMI any longer.



How's my credit? While it doesn't have to be perfect, the best interest rates assume your credit is good. Since an inquiry for a mortgage refinance does not count against your FICO score, come talk to our loan officers and find out what your rate will be based on your credit.

Will I be staying in the home for a while? If you are paying fees or closing costs for a refinance, you'll want to have at least a couple of years in the home so your lower payment or faster buildup of equity will offset the cost of refinancing. Every refinance has a "break-even point," at which time you will have recovered your costs of refinancing. Everything beyond that point is gravy for you.

It is true that refinancing can help you pay off your loan faster, significantly reduce your monthly expenses, or both. But you do have to take the first steps. Call your local branch, apply online, or come into the credit union for more information.

IMAGINE IT
Do it

3.50^{APR*} 10 year mortgage loan

NCUA

*10 year fixed rate term. 80% Loan to value or less. Rate subject to qualifications and loan amount. Rates subject to change

You could win \$25—just for reading the Energy One Source. A member’s name and the last three numbers of their zip will be hidden within the newsletter (example: JDoe119). If it matches **your** name and zip, e-mail earmstrong@energyone.org with Newsletter Contest in the subject line. Once the match is verified, Energy One will deposit \$25 into the winner’s account. Contest rules are available online at energyone.org/newslettercontest.asp.

SMART THOUGHTS: “You have to put yourself in a position of being lucky. If you are getting along with others, it seems your odds are greater for getting lucky.” - James Sprayregen

New Card = No worries

When her son was 16, Michelle Lewis, Houston branch manager, made a decision she hoped would positively shape his future. Michelle gave her son a prepaid Visa card. “I wanted to give him a reloadable card to teach him financial stability. I did not want to worry about him going into the negative and affecting his, or my, credit.”

Energy One has prepaid, reloadable cards available at all branches. There is no monthly fee to use the card, and it can be reloaded as often as the individual chooses to. The Visa reloadable card is accepted anywhere Visa is accepted and cardholders can use it at ATMs as well.

There are many advantages to having a reloadable card. As comparable to Michelle’s situation, the reloadable card is perfect for children. They offer the flexibility of choosing how much money to award your child, while not having to worry about them going over

budget. Having a prepaid card also allows the parent to teach their child about financial responsibility.

The reloadable card is much more than a teaching tool though. It is perfect for vacationers who have preplanned their trip. Uploading your funds to a prepaid card will help you stay on budget and not worry about bills during a time when you are supposed to be relaxing.

Lastly, the card is perfect for online purchases. Using the Visa prepaid card to buy tickets to see your favorite band will help protect your identity. Thieves cannot duplicate, and use, your card if there is a limited amount of funds available. Also, if you are a Hulu or Netflix subscriber, using a prepaid card will ensure that money will not continuously be taken from your checking account. The prepaid cards give the cardholder peace of mind.

The Visa reloadable card is handy for children, vacationers, and the online shopper. It does have many other uses though, and it’s just waiting for you to test it out! So call your local branch and ask about how you can get a Visa prepaid card today! GMorison601

