

"A HOME FOR YOUR BOAT"  
Established 1959 Closed Tuesdays

**W E S T E R L Y**

**MARINA**

- 35-Ton Open End Lift •
- Fiberglass Repairs • Custom Painting •
- Fully Stocked Ship's Store •
- Dock Hardware & Supplies •
- Sailing Supplies •
- Trailer Parts • Hitches Installed •
- Inboard • I/O • Diesel •

**NEW!**

**Jet Ski Docks.**

**VOLVO PENTA** **MerCruiser**  
STERN DRIVES & INBOARDS

**Velvet Drive** **MERCURY**  
TRANSMISSIONS OUTBOARDS

**CERTIFIED TECHNICIANS ON DUTY**  
OUTBOARD, INBOARD, I/O, DIESEL  
Starters, Alternators & Outdrives Rebuilt on Premises

www.westerlymarina.com

**914 - 941-2203**

Westerly Road, Ossining, New York 10562

**MARINA & PUB**

**ALCOVE**

"Key West on the Canal"

AlcoveMarina@aol.com 518-365-5144

At Buoy 118 at the end of the cove. 886 Route 4 South, Schuylerville, NY 12871

**Used Boats FOR SALE,  
Sail and Power, GREAT BUYS**

**LONG HAUL BOAT TRANSPORT** Overnight Docking  
Pub hours, Saturday, Sunday  
Noon until...

**OUR SPECIALITY BOATS UP TO 40'** Weekdays 4 P M until .../  
See us on Facebook

**WINTER STORAGE-Safe High and Dry  
Shrinkwrap and Service**

All Work Done at Our Shop

**Sally's BOAT TOPS**

- 51 Years in Business
- Open All Year
- Emergency Repairs
- Pipe Bending
- Boat Graphics
- Custom Canvas Enclosures
- Cushions & Seats
- Plastic Tarps - 6'x8' • 100'x100'

**Open 7 Days**  
email: sallywahrer@aol.com

**845-795-5555**

90 LYONS LANE, MILTON, NY 12547

Let us help you

**CHART YOUR COURSE  
toward FINANCIAL SUCCESS**

Retirement Plans • Mutual Funds  
College Funding Plans • Annuities  
Brokerage Accounts • Life Insurance  
Long Term Care Insurance

 **FinancialNetwork**  
Financial Network Investment Corporation, Member SIPC

**Arthur F. Stahl**  
Phone 845-729-7638  
500 Glenpointe Centre West  
Teaneck, NJ 07666

# Should You Switch to a Shorter-Term Mortgage?

As the housing market slowly recovers from its multi-year slump, prospective home buyers are visiting bankers or mortgage brokers to secure the mortgage commitment they'll need to buy their new house. At the same time, many current homeowners are thinking about refinancing their present mortgages to reduce their debt burden. This article offers some points to consider if you're looking at a shorter term mortgage.

It wasn't that long ago that a 15-year mortgage was considered a fringe product, suitable for a relatively small number of buyers and homeowners looking to refinance. But that's no longer the case; in fact, according to Freddie Mac, almost one-third of all mortgages refinanced during the first quarter of 2012 were 30-year mortgages replaced by a shorter term loan.<sup>1</sup>

The trend toward shorter mortgage terms stems from several factors:

- Debt reduction. Many households are looking for ways to reduce their debt, especially in light of the drop in house prices, which has left nearly one-quarter of American homeowners under water with their mortgages.<sup>2</sup>

- Low rates. Rates on 15-year mortgages are at all-time lows, and the difference between 15-year rates and 30-year rates is greater than ever. According to Freddie Mac, the average rate for a 15-year mortgage, as of August 23, 2012, was 2.89%, compared with 3.66% for the average 30-year mortgage; that's a 77-basis-point difference. Historically, this spread has been much smaller, averaging 48 basis points for the 20 years ended December 31, 2011, and as low as 31 basis points as recently as 2007.<sup>3</sup>

- Earlier payoffs. Perhaps most alluring for consumers is the prospect of paying off their mortgage sooner -- and saving thousands in interest payments in the process. For example, on a 30-year, \$100,000 mortgage at 4%, you would pay \$71,870 in interest over the life of the loan, while a 15-year mortgage of the same amount and rate would cost you only \$33,144 in interest -- a savings of more than \$38,000.

The downside to 15-year mortgages, however, is that your monthly payment can be significantly higher because of the additional principal you are paying each month -- averaging twice what you would pay on a conventional 30-year mortgage. For many, the extra payment is simply not doable. But

Article provided by

**Art Stahl**

This article is provided by the Financial Planning Association, the membership organization for the financial planning community, and is brought to you by Art Stahl, a member of the Greater Hudson Valley chapter of the FPA. Art, a member of the Hudson Valley Marine Trades Association, is an Investment Advisor Representative with Financial Network Investment Corporation, Member SIPC, 500 Glenpointe Centre West, Teaneck, NJ 07666.

He can be reached by phone at 201-836-2460 or 845-729-7638, or by email: stahla@financialnetwork.com.

30

for those who can afford it, the long-term savings are significant.

There is another way to realize some of the savings of a shorter-term mortgage, if you're able to make extra payments for at least part of the year. You can keep your 30-year mortgage, with its lower mandatory payments, and make extra payments towards the principal in those months where you might have extra funds; for example, from a bonus, or an income tax refund, or a second job which you might have for part of the year. These extra payments will help you pay off the loan sooner, and reduce your total interest outlay.

Whether you go with a 15- or 30-year mortgage, remember to factor in points and closing costs. Also consider how long you expect to own the property. Your bank or mortgage representative can work with you to weigh different mortgage options and help you decide whether a 15-year mortgage is right for your situation.

15

<sup>1</sup> Source: Freddie Mac, July 2012.

<sup>2</sup> Source: CoreLogic, as of the first quarter of 2012.

<sup>3</sup> Source: Freddie Mac, Primary Mortgage Market Survey, August 23, 2012.

Because of the possibility of human or mechanical error by S&P Capital IQ Financial Communications or its sources, neither S&P Capital IQ Financial Communications nor its sources guarantees the accuracy, adequacy, completeness or availability of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. In no event shall S&P Capital IQ Financial Communications be liable for any indirect, special or consequential damages in connection with subscriber's or others' use of the content.

© 2012 S&P Capital IQ Financial Communications. All rights reserved.