

Money Matters!

Fall 2009

Financial news and information from your friends at Jonestown Bank & Trust Co.

Thinking about refinancing your mortgage?

by Roger Jeremiah,
Vice President/Lending

With interest rates continuing near historic lows, if you have not asked yourself that question lately, you probably should. The "rule of thumb" has always been that if you can lower your mortgage rate by two percent, it pays to refinance.

There are more reasons to consider a mortgage refinance other than just interest rates. Maybe you want a lower payment for budget reasons or perhaps you took out a home-equity loan or used credit cards to replace a roof, remodel the kitchen or add a deck, and now you want to consolidate that debt into one monthly mortgage payment. They are all good reasons to call your JBT lender to review your options.

If you decide to refinance your mortgage just to get a lower rate, there is one other point to consider. It will cost you money in the form of closing costs, which may be considerable, and if you are thinking of moving in the near future, refinancing may not make sense. You have to live in your home long enough with your new, lower rate to earn back those closing costs. For example, if a refinance costs you \$4,500 for closing costs and your new rate is 1½% lower than your original rate, you need roughly about three years to earn back your costs if your balance is around \$100,000.

Refinancing just to lower your rate may cost you more in the long run if you do not approach the process with a plan. You should try to keep your monthly payment the same or even higher, if you can afford it. Instead of a remortgage with another 30-year term, see if it makes more sense to shorten the term to 20 or even 15 years. Consider this example*. Ten years ago, I took out

a mortgage for \$100,000 at 7½% for 30 years to buy my home. The monthly payment is \$699.21 and my balance today is \$86,794.99. If I refinance now, I can get a 6% APR with a monthly payment of \$520.38 if I do another 30-year mortgage, but my total interest cost over the life of both mortgages will be \$171,242.00 versus \$151,715.60 if I had continued to pay on

the original mortgage. No savings there. If I keep the refinance term at my remaining 20 years on the original mortgage, however, my rate will be 5¾% APR and although my monthly payment will be \$609.38, my total interest cost will be only \$130,156.40. Doing a refinance for 15 years yields significant total savings because my rate would be 5½% APR with a payment of \$709.19 and total interest cost of \$111,559.40.

So the message here is keep your original maturity or shorten it up to save money unless you are just looking for payment relief or consolidating other loans. (Shorter term mortgages generally have lower rates. Be sure to ask your lender if you can get an even lower rate by paying points, which can make a lot of sense if you plan to be in your home for the long term.)

Assuming you decide to refinance, what are the pros and cons? The pros are easy. It either saves you money or it lowers your monthly payment or maybe both. The cons are generally that it is a complex process. There will be closing costs, it will require an investment of your time and it may be an emotional process simply because we are talking about your home.



We understand all of that and we will walk you through every step. With just a little bit of information on the phone, we will give you a pretty good idea what your interest rate and costs will be. If you like what you hear, and decide to go further, we will meet personally with you at one of our branches and in just a few minutes will give you more detailed, itemized and specific information on what your closing costs will be based on the details of your situation. You will not be required to complete a full mortgage application or get locked into an expensive, upfront application fee to get this information and we will give it to you in a standardized format that can easily be compared among other lenders so you will know who has the best deal. You will never wind up at the settlement table with any surprises.

Our mortgage lenders are located in each of our branches during normal business hours. Call one of our branch offices and say that you would like to talk about a mortgage refinance. At JBT, we are committed to finding financial solutions that will improve your life.

* APRs shown are for illustration only, actual mortgage rates change on a daily basis, and your rate may be higher or lower. Ask us for current mortgage rates.

JBT BRANCH COMING SOON

Construction is now underway for our ninth branch, which is located at Northside Commons Shopping Center on Northside Drive between Palmyra and Campbelltown in South Londonderry Township. We plan to open this branch by the end of 2009. Our East Main Street branch in Palmyra will remain open.

NEW

The Faces Behind Investment and Trust Division



Left to right: Amy Collins, Terry Resanovich, Bob Harris

JBT offers Investment services, Trust services, Executor services, Living Trustee services, and Estate Planning services. You probably know our services, but do you know our staff?

Terry Resanovich, Vice President and Senior Trust Officer has 25 years of banking experience, most of that here at JBT. Bob Harris, who recently joined our team as a Trust Officer, worked in the trust department of another community bank for 22 years. Overall, Bob has 30 years of banking experience. Administrative Assistant, Amy Collins, has handled the operational side of the department for the past five years.

This team provides the same high level of expertise and personal service when handling investments that you have come to rely on for all your banking needs.

Get to know them! They will be more than happy to assist you in designing a program for your specific financial goals. Call to arrange for a FREE consultation at 717-274-5180 extension 326, or stop by the office at 421 East Penn Avenue in Cleona to discuss your financial goals.

Direct Deposit—most employers and government agencies will make payments directly into your checking account at JBT. Have immediate access to your money without making a trip to the bank.

eStatements—this new service has become popular with JBT clients. Go paperless! More security—no statements to get lost or stolen in the mail. More access—search eStatement details online anytime. More green—save paper, plus nothing to file, misplace or shred.

If you would like to learn more about these time saving **FREE** personal account services at JBT, visit our website at bankjbt.com or stop by or call your local branch office. We will be happy to help you make banking easier.



Community Spirit

Grantville branch manager **Kathy Dugan** hails from Reading, Pennsylvania, and attended Downingtown High School. She began her banking career with Mellon Bank in Harrisburg in 1995, where she worked for four years, before moving to Community Banks/Susquehanna. She worked there for four years and joined JBT in 2002 as manager of the Grantville branch.



Kathy's involvement with the local community began when she worked at Mellon Bank. She took part in United Way campaigns, the Day of Caring, and became a "big sister" in the Big Brothers/Big Sisters program. She later joined the board of the African-American Chamber of Commerce of Central Pennsylvania, which led to many community based activities. She also served on a number of committees for the Allied Arts fund. This Reading native now volunteers for Theater Harrisburg, the Arts Council of Dauphin County, the animal rescue group PAWS, Agrarian Country promoting the Star Barn, and the Paxton Creek Watershed and Education Association.

Kathy says that "apart from work," her joy comes from her friends, family, volunteering, her garden, and her two cats and Welsh corgi.



Make Life Easier!

When used to our advantage, technology certainly will make life easier. During the past 20 years, the banking industry has seen much technological advancement. Are you using the following free services to make your financial life better?

Internet Banking & Bill Payment—manage your finances securely online, check balances, transfer funds, reconcile accounts and send payments. Visit bankjbt.com for a demonstration.

Enter to win \$25!

How much do you know about local history? Answer our history trivia question, then take this entry form into any JBT office, or email your entry to ctechky@bankjbt.com (do not forget to include your name and phone number). If your answer is correct you could **win \$25!** There will be one winner drawn from each office, plus an online winner, too! Winners will be notified by phone. Hurry, closing date for entries is **November 19, 2009.**

The answer to last issue's quiz question is **Mount Gretna**. "In which Lebanon County town did the Pennsylvania National Guard hold its first encampment in 1885 and continue to do so until 1930?" The winners are: James Campbell, Joan Garman, Jean Hartman, John Jones, Russell Keefer, Mildred Kerkeslager, Teresa Ann Kissinger, Marion Miller, and Robert Reppert.

Winner!

Teller Bryant Hartz presents **Joan Garman** with a winner's check at the Ebenezer branch.



In the graveyard of which church is Dr. John Palm, founder of Palmyra, buried?

Answer: _____

Name: _____

Daytime Phone Number: _____

Jonestown
717-865-2112

Grantville
717-469-0623

Newmanstown
610-589-1234

Quentin Road
717-279-7720

Northside Commons
Coming soon!

Ebenezer
717-274-5421

Lebanon
717-273-0405

Cleona
717-279-7655

Palmyra
717-641-0032

Call JBT anytime to discuss your banking needs. For information about online banking and JBT's products and services, visit bankjbt.com.

