

Now May Be the Time to Refinance Your Dental Practice Loans

As we near the end of 2020, interest rates have dropped to a near all-time low due to the coronavirus pandemic and the economic recession that followed. This may be the ideal time to evaluate all of your practice loans so that you can refinance and take advantage of these historically low rates.

Many banks are currently offering promotions that could potentially help save you tens of thousands of dollars over the life of your loans. Quite frankly, this is the lowest interest rate environment that we have ever seen.

For example, one dental practice lender is providing a 1% interest rate for the first 18 months and then a fixed 3.5% for the remainder of the loan on many new and existing loans, valid through December 1, 2020. To qualify, an application has to be in and approved before the end of the year, and you cannot be an existing client of the bank.

The following is a savings example which assumes there would be a 2% prepayment penalty on your existing practice loan:

- A dentist borrowed \$1,000,000 3 years ago at 4.25% with a monthly payment of approximately \$10,244.
- Their current balance would be around \$743,152 and they would pay approximately \$860,475 over the remaining 7 years if they did not refinance.
- \$743,152 balance plus 2% prepayment penalty would be rolled up into the new loan amount of approximately \$758,000 over 7 years.
- The first 18 months would be at 1% and the payment would be \$9,347.
- The remaining 66 months would be at 3.43% and the payment would be \$9,988.
- This would be a \$32,993 savings over 7 years (\$49,202 savings if there was no prepayment penalty).

I would recommend looking into refinancing not only your existing practice loans, but also any equipment loans and building loans that you may currently have.

Your first step should be to contact your current lender and let them know that you are interested in refinancing your current loans and are shopping around for the best terms.

You may want to contact the following three dental practice lenders to get some competitive price quotes. ***Be sure to let them know our firm referred you so that they will give your request special consideration.***

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