

Quick Tips for Getting Started on Your Refinance

When you refinance your existing mortgage, you are essentially paying off the existing mortgage debt and replacing it with a new loan. Many of the same costs are involved in refinancing a loan as are in first-time financing.

To start with, the lender will need personal information to verify employment for you and your co-borrower (if there is one). They will also need information regarding all of your debts and assets, including your existing mortgage.

In order to expedite the paperwork process, start gathering the following items:

- W2's from the last two years (For borrower and co-borrower, if you filed separately)
- If you are self-employed, bring signed copies of your last two year's tax returns, including all schedules that were filed, and a profit/loss statement or balance sheet for the current year
- Homeowner's insurance company name and number
- The original lender's contact information
- Most recent bank statements
- Most recent statements from 401ks, IRAs, mutual funds and securities accounts
- A copy of your current payment coupon for your existing loan, along with the outstanding mortgage balance



What costs are involved?

There are *no-cost* and *low-cost* refinance loans available, and some or all of the fees and closing costs may be waived with these types of loans. This is a brief rundown on fees that could be associated with a refinance loan:

- Application Fee - A fee charged by the lender to process the loan application.
- Appraisal Fee - This determines the current value of your home.
- Credit Report - The fee the lender charges to pull your credit report.
- Title Search and Title Insurance - You may be able to get your current title company to reissue a new policy and save money in this area.
- Survey - The lender may order a property survey to document the current status of the land your property is on.
- Loan Origination Fee - A fee the borrower pays the lender to underwrite the loan. Usually expressed in the form of points.
- Discount Points - One point is equal to one percent of the loan amount. You may want to pay discount points to secure a lower interest rate.
- Miscellaneous Fees - VA and FHA loans may have fees associated with them. Private mortgage Insurance (PMI), document preparation fees, notary fees and tax service fees may also fall under this category.
- Prepayment Penalty - If your existing loan carries a prepayment penalty clause, you will have to pay a percentage of the outstanding loan amount for paying the loan off early.

Just as you encountered in your original loan, your lender will be required to provide you with a *Truth-in-Lending Statement* that outlines the fees associated with your new mortgage loan. Let us help you evaluate your personal situation and assist you in finding the loan program that works best to meet your long-term goals.

Call me directly for a free consultation.

