

Quick Tips for Getting Started on Your Refinance

When you do a mortgage refinance, you are establishing a brand-new loan with brand-new terms. For many people the hardest part about refinancing isn't figuring out the math; it's providing the paperwork. You will want to have all your ducks in a row.

In general, you will be asked to provide proof of income using W-2s and pay stubs; proof of assets via bank statements; and proof of citizenship or U.S. residency status.

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

- Most recent pay stubs covering the last 30 days
- W-2s for the last two calendar years
- Two most-recent statements for all checking, savings, CD, money market, and/or securities-brokerage accounts (please include all pages)
- Most recent statements for all retirement accounts (IRAs, SEP-IRAs, 401-(k)s or 403-(b)s)
- Most recent statement of stock options, employee stock option purchase plans, and similar if you're using them as part of the down payment or for closing costs
- Federal tax returns (1040s) for the last two calendar years; please include complete returns with all schedules filed
- YTD Profit & Loss Statement if you're self-employed or an independent contractor
- Mortgage, real estate tax, and insurance premium statements for all properties currently owned
- Leases on all rental properties you may own, if applicable

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 according to your loan type.

In general, refinancing can include the following closing costs:

- Application Fee – A fee charged by the lender to process the loan application
- Appraisal Fee – An appraisal will be required to determine the current market value of your home
- Credit Report – A fee to pull your credit report
- Title insurance and title search. This charge covers the cost of a policy, which is usually issued by the title insurance company, and insures the policy holder for a specific amount, covering any loss caused by discrepancies found in the property's title. It also covers the cost to review public records to verify ownership of the property.
- 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.

Let us help you evaluate your personal situation and assist you in finding the loan program that meets your long-term goals.

Call me directly for a free consultation.