



American
Financial
Network

Homeowner's Guide To Refinancing

Presented by John Sample

By refinancing your current loan, your total finance charges may be higher over the life of the loan.

Why AFN?

National Strength. Local Presence.

- Customer Focused
- Honesty & Integrity
- Family Owned Direct-Lender
- Competitive Rates
- Licensed in 50 States



What is a Refinance?

- **Refinancing replaces your current mortgage with a new loan, consisting of a different rate, terms and repayment factors.**
- **Your current loan is repaid and replaced with a new loan consistent with the new financing terms.**

By refinancing your current loan, your total finance charges may be higher over the life of the loan.

Lower your interest rate



Potentially lower monthly payment



Shorten your loan term or change loan program



Consolidate debt



Take cash-out from equity



Reasons To Consider Refinancing

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2 Types of Refinance Loans

Cash-Out

Rate & Term

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Cash-Out Refinance

Utilize Home Equity

- A cash-out refinance taps into the available equity in a home to provide a lump sum of cash that can be used in a variety of ways, such as home improvement projects and renovations.

Consolidate Debts

- Interest rate on the new mortgage is often much more favorable than a credit card or personal loan
- You may be able to take advantage of a fixed rate, as opposed to a variable rate which is used for many consumer credit agreements.
- This fixed rate will last for the full term of your loan.

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Rate & Term Refinance

Lower Interest Rate

When current interest rates are lower than that of your existing mortgage, refinancing may be able to help secure more favorable loan terms for the life of the loan.

Consolidate Debts

If you are in an adjustable-rate mortgage (ARM), you may be able to secure a fixed rate mortgage., eliminating the risk of having your payment go up when interest rates climb.

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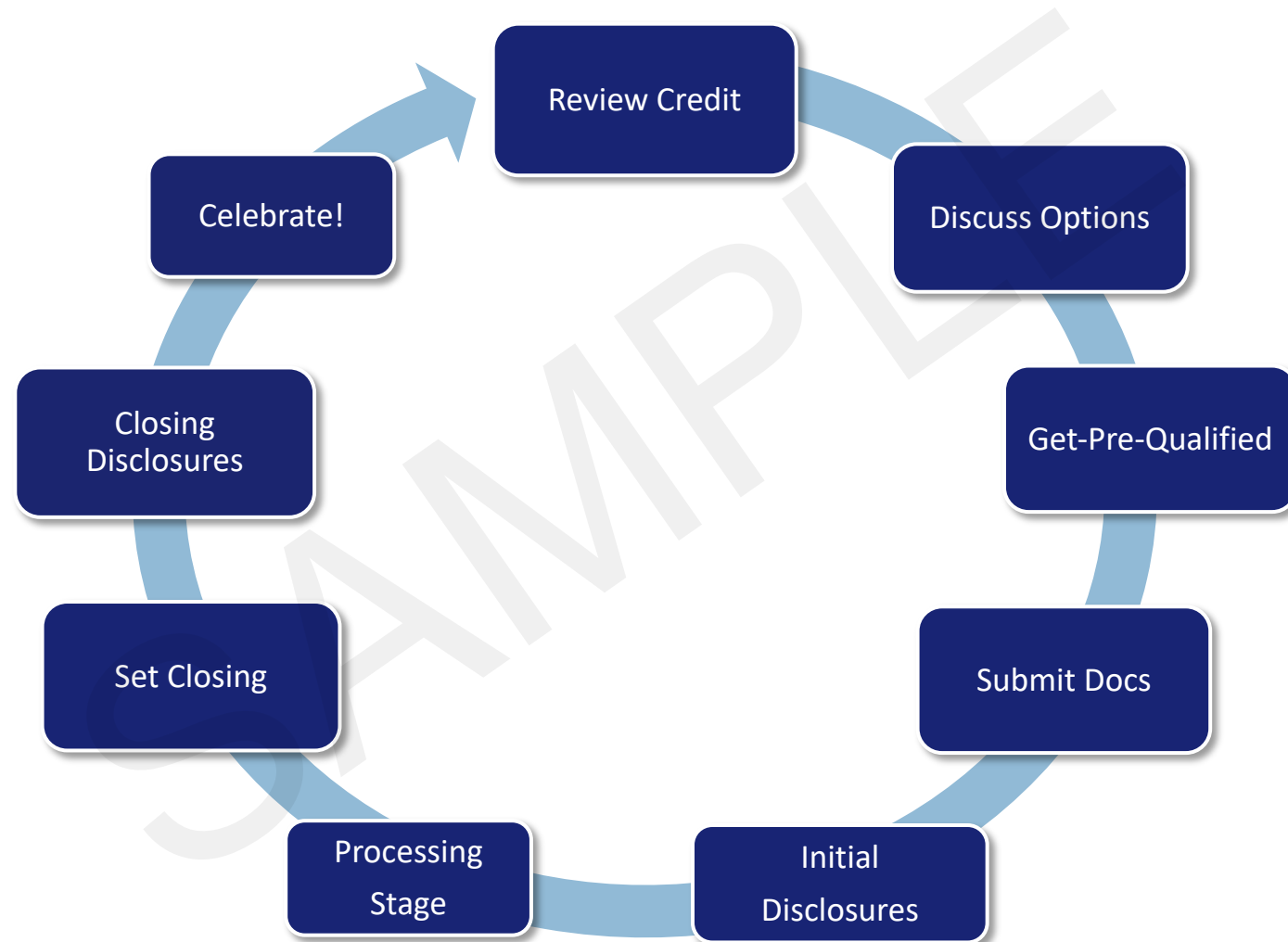
Rate & Term Refinance

Change Loan Types

- Some loan programs require mortgage insurance (i.e. FHA loans), which protects the loan guarantor or investor against default.
- A homeowner with at least 20% equity in the home may be able to switch to a loan type that doesn't require this monthly insurance premium and effectively lower the monthly payment.

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Steps to Refinancing



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Things to Consider When Refinancing



Time

- Time from application to loan funding varies, but is typically accomplished in three to six weeks.
- You can help speed things along by swiftly responding to requests for information and appointments for appraisal, doc signing, and other milestones that rely on your schedule.

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Things to Consider When Refinancing



Property Inspection Waivers

- Some refinance transactions qualify for a Property Inspection Waiver (PIW) which would waive the requirement of a property appraisal.
- The PIW is typically offered by a lender on a refinance transaction when the value of the property is not in dispute.
- Waiving the appraisal can save both time and money.

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Things to Consider When Refinancing



Closing Costs

- When crunching the numbers to determine if a refinance is beneficial, remember to consider closing costs, including but is not limited to, recording and title fees, appraisal costs, and loan origination fees.
- We can help you analyze that cost and calculate the cost recoupment timeframe.

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Things to Consider When Refinancing

Impact to Credit Score

- When applying for new credit, always consider its effect on your credit score.
- A new inquiry can lower one's credit score by a few points.
- If used for debt consolidation purposes, a refinance can also increase a borrower's credit scores over time by lowering their overall credit utilization and paying off higher balances.

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Loan Options to Consider

FHA Streamline

Federally backed loans offered at competitive rates with fixed terms available.

- **No Appraisal**

This option typically does not require a new property appraisal

- **No Income Documents Needed** Employment is verified without paycheck stubs or W2s

- **Closing Costs**

Lender credits may be available to cover certain closing costs

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Loan Options to Consider

FHA 203(K) Streamline Rehabilitation Loan

Refinance with this loan program to help cover home improvement and repair costs.

- **Funds available up to \$35,000**
- **Get money for home improvements or repairs**
- **Wide variety of repairs covered, including roofs, kitchens/bath remodels, flooring, appliance, plumbing/electrical repairs**

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Loan Options to Consider

Conventional

A conventional loan is not guaranteed by a government agency and may be a fixed or adjustable-rate mortgage (ARM), with either a conforming loan amount (with limits determined by property county) or larger (jumbo) loan amounts.

- **No Private Mortgage Insurance** - Conventional loan terms may be better than an existing FHA or VA mortgage, and with sufficient equity in the home (at least 20%) the new loan will not require the added expense of mortgage insurance

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Loan Options to Consider

VA IRRRL

With our VA Interest Rate Reduction Refinance Loan, Veterans or surviving spouses with a current VA mortgage can take advantage of historically low rates to refinance with no appraisal and no income/asset documentation required.

- **No Appraisal (in most cases)**
- **No Income/Asset Documentation**
- **Roll Closing Costs Into Loan**
- **No Private Mortgage Insurance**

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FAQs About Refinancing

How does a refinance work?

When refinancing a mortgage loan, the first loan is paid off and a second loan is created - typically with a better interest rate and/or term.

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FAQs About Refinancing

Will my house need to be appraised again?

An appraisal may be required depending on the loan type. However, not all loan types require an appraisal.

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FAQs About Refinancing

How much does refinancing cost?

- Refinancing does cost money, but that doesn't necessarily mean there will be out-of-pocket costs. In some cases, certain costs can be built into the new loan.
- According to Trulia, common costs associated with refinancing include fees for an appraisal (if required), title report, loan origination, attorney (in some states), flood certification, and the county recorder.

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Have questions?
Contact me anytime!

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