

4-step checklist to Refinance your Home



Whether you want more money in your pocket, want to change your loan, or pay off your mortgage quickly, you should strongly consider refinancing while the price is still hot. Although it can seem like a daunting process, it's easier than you think. With this checklist and the right lender to guide your every step, you will be well on your way to a better rate!

#1 Create goals

It is important for you and the broker to know your goals to get you the best rate and loan plan.

- Are you only hoping to lower your monthly payments?
- Are you trying to shorten or lengthen the life of your loan?
- Are you hoping to use equity to pay for or pay off something?
- Are you hoping to change to a fixed mortgage rate while the rates are at an all-time low?

#2 Can you afford the fees associated with refinancing and payoff?

We would all like to think there are no fees associated with refinancing, but because there are, they need to be taken into consideration.

- Can you afford the application fee?
- Can you afford the closing cost? These fees can include bank fees, attorney fees, appraisal fees, or title insurance. If you can't afford the closing cost, then keep in mind, the fee may be built into the actual loan.

- Determine if there are any payoff penalties based on your payoff amount (balance + interest), and request a payoff statement.

#3 Gather all important documents.

I know what you're thinking... "not again!" But, lenders need a lot of information to get you the lowest and most accurate rate possible. The documents include:

- Pay stubs- Lenders want to make sure you can afford to refinance. You will need pay stubs from the past 2-3 months. If you are self-employed, then you may need federal tax returns from the past two years.
- Tax returns, W-2's, and or 1099s- Generally, the lender will request these items from the last two years to show them earning trends, including gains and losses.
- Credit reports- The best rates are given to the best-looking borrowers. You can get a free report [here](#) and do some potential damage control before applying (i.e. making sure everything is correct, paying off debts, etc.).
- Statement of Outstanding Debt- Although this will be highlighted on your credit report, the lender will want to see a list of your outstanding debt. So, , gather statements on all remaining debt, which may include the following:
 - Student loans
 - Car loans
 - Credit cards
 - Mortgage(s)
- Statement of Assets- Most lenders would like to see if you can pay closing costs, and two months worth of mortgage payments. Gather all statements that reflect your ability to pay, including:
 - Savings accounts
 - Stocks
 - Retirement account(s)
 - Bonds

If you are unable to produce these documents, speak with your lender to see how he/she can help.

#4 Find the right mortgage broker.

The rule of thumb is to get quotes from at least three mortgage brokers or lenders.

- Banks, independent brokers and credit unions might all offer different deals (remember they must use your real credit score and loan-to-value ratio for true accuracy).
- Professional referrals are often the best way to go, and be wary of deals that may seem too good to be true.
- After you have confidently chosen a qualified lender with a loan estimate you feel comfortable with, submit your documents and be on your way.