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DOES IT MAKE SENSE TO REFINANCE?

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TABLE OF CONTENTS

TABLE OF CONTENTS

DOES IT MAKE SENSE TO REFINANCE?

You would never throw away thousands of dollars or pass up the opportunity to put more money in your pocket. Unfortunately, this may be happening right under your nose. It's a common problem that many homeowners don't even know they have.

Here's the top 6 reasons to refinance your home to help you save money or increase cash flow:

1. Lowering Your Interest Rate
2. Adjusting the Length of Your Mortgage
3. Removing Mortgage Insurance
4. Switching Your Loan Type
5. Making Upgrades to Your Home
6. Reducing High-Interest Debt

REASON 1

LOWERING YOUR INTEREST RATE

Interest rates are notorious for fluctuating. So, if rates have gone down due to market conditions since you last purchased or refinanced your home loan, it may make sense to refinance. Because **interest rates are directly tied to home much you pay on your overall mortgage, lower rates typically mean lower monthly payments.** Even if the length of your loan stays the same, you can save hundreds to thousands off your total loan payment.

MONTHLY PAYMENTS ON A 30-YEAR CONVENTIONAL FIXED-RATE LOAN OF $350,000 AT 6.0% VS. 7.0%		
	OLD LOAN*	NEW LOAN*
Current Balance/Loan Amount	$350,000	$350,000
Term	30-Year	30-Year
Interest Rate	7.0%	6.0%
Monthly Payment	$2,328.56	$2,098.43
Monthly Savings		$230
One-Year Savings		$2,760
10-Year Savings		$27,600

APR for 6.0% and 7.0% is 6.085%. This assumes at least 20% equity in the home. The monthly payment shown includes principal and interest only. Your payment may be higher. Stated rates, APR, and terms are for example purposes only.

REASON 2

ADJUSTING THE LENGTH OF YOUR LOAN

If you've ever wanted to **cut the length of your mortgage in half to get you on the right track to paying off your home loan as fast as possible,** you can do that by refinancing from a 30-year to a 15-year mortgage. Your monthly payments will be higher, but don't let that scare you! It just means you're paying more toward your principal each month. Typically, interest rates are lower on shorter loan terms as well! This is a great option to maximize return on your investment faster and plan for debt-free homeownership.

	OLD LOAN*	NEW LOAN*
Monthly Payment	$2,328	$2,953
Total Interest	$488,281	$181,629
Term	30-Year	15-Year
Interest Rate	6.0%	7.0%

Based on a $350,000 conventional loan. APR for 6.0% and 7.0% is 6.142%. This assumes at least 20% equity in the home. The monthly payment shown includes principal and interest only. Your payment may be higher. Stated rates, APR, and terms are for example purposes only.

Go to churchillmortgage.com/calculators to run your own numbers in our refinance calculator. »

REASON

3

REMOVING MORTGAGE INSURANCE

Home values have risen dramatically over the past few years. If your original down payment was less than 20%, you're likely paying mortgage insurance. The good news is, **your home likely has enough equity to refinance and remove your monthly mortgage insurance payments**. This could save you a lot of money!

Watch this video about PMI »

A home appraisal will serve as validation of your current home value and if your loan amount is 80% or less of the current appraised value, your mortgage insurance should be dropped.

REASON 4

SWITCHING YOUR LOAN TYPE

FHA → CONVENTIONAL

If your current mortgage is with the FHA (Federal Housing Authority), you're paying a premium for mortgage insurance in addition to other costs associated with this type of loan. **As home values continue to rise, it may be a good time for you to look at switching from your FHA loan to a conventional loan.**

ARM → CONVENTIONAL

If you currently have an Adjustable Rate Mortgage (ARM) and you're looking to switch to a fixed-rate loan before your interest rate goes up, a conventional loan could be a right fit for you. Monthly payments on an ARM loan change due to adjustments in the interest rates due to the market. The unpredictability of this loan can be unnerving for those who want the comfort of a consistent payment to budget for each month.

Learn more about your loan type here »

REASON

5

MAKING UPGRADES TO YOUR HOME

If your current mortgage has a really low interest rate, staying put may be a wise financial decision. But you don't have to compromise on the quality or future value of your home. **With a few upgrades, you can enjoy your current home more and maintain its future marketability down the road.**

Here's the top 5 home improvements to help provide the best long-term financial return:

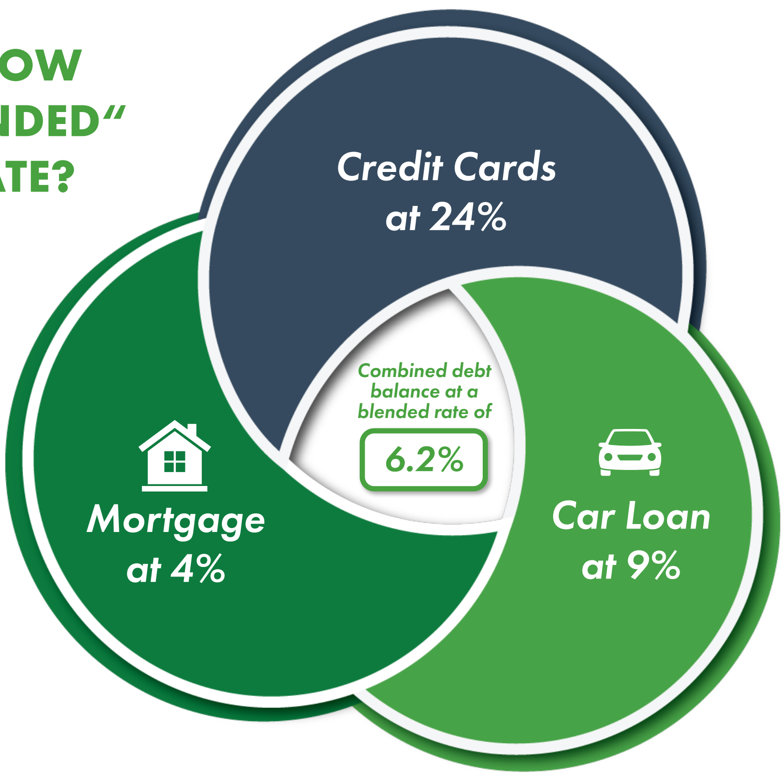
REASON

6

REDUCING HIGH INTEREST DEBT

If you're feeling locked in by a low interest rate on your current mortgage, but you're also carrying higher interest debt balances, your "blended" rate may be much higher than you think. If this is the case, it may be worth looking into your refinancing options to reduce your high-interest debt like credit cards and help with your monthly cash flow to get you back on track with your budget.

DO YOU KNOW YOUR "BLENDED" INTEREST RATE?



Get your blended rate here

START THE REFINANCE PROCESS

Now that we've narrowed down the top 6 reasons to refinance, let's take a look at what to expect during the refinancing process.

TIP #1

The approval process will resemble what you originally experienced when you first got your mortgage. **Your lender will look at everything from your income, assets, credit score, debts, current property values, and the total amount you're looking to borrow.**

TIP #2

When you refinance, you're not just renegotiating the terms of your current mortgage, **you're replacing your existing home loan with different terms.** Because of this expect to:

- Have your home appraised
- Confirm your credit score
- Change your title and homeowner's insurance

TIP #3

You'll be responsible for closing costs unless you choose to finance those into your new mortgage. Closing costs are typically about 2%-5% of the loan amount.

For example, if your loan amount is $250,000 you could pay anywhere from $5,000 to $12,500 in closing costs. You will receive your closing costs from your Home Loan Specialist in a Loan Estimate that will be sent to you prior to your official closing day.

Get started now! »

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GET YOUR FREE HOME LOAN CONSULTATION TO DISCUSS INTEREST RATES AND POTENTIAL SAVINGS!

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Source: https://cdn.nar.realtor//sites/default/files/documents/2022-remodeling-impact-report-04-19-2022.pdf

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