

DOES IT MAKE SENSE TO REFINANCE?



CHURCHILL
MORTGAGE®



How do you Know if it Makes Sense to Refinance?

You would never just throw away thousands of dollars, right? Or pass up the opportunity to put more money in your pocket each month?

Believe it or not, this may be happening right under your nose. And even worse—it's a common problem that many homeowners don't even know they have. All of this might be easily fixed by refinancing your home.

Here's the top 5 reasons to refinance your home:

- 1. Lowering Your Interest Rate**
- 2. Adjusting the Length of Your Mortgage**
- 3. Removing Private Mortgage Insurance (PMI)**
- 4. Switching Your Loan Type**
- 5. Looking to Make Upgrades to Your Current Home**



Reason 1: Lowering Your Interest Rate

Interest rates may have gone down due to market conditions since you purchased or last refinanced your home loan. Because the interest rate on your loan is directly tied to how much you pay on your overall mortgage, lower rates usually mean lower monthly payments. With the term of your loan staying the same, lowering the interest rate can save hundreds to thousands off your total loan payment.

Check out this example of monthly payments (principal and interest) on a 30-year conventional fixed rate loan of \$180,000 at 5.5% and 4.0%.

	Old Loan *	New Loan *
Current Balance/Loan Amount	\$180,000	\$180,000
Term	30 Year	30 Year
Interest Rate	5.5%	4.0%
Monthly Payment	\$1,022	\$859
Monthly Savings		\$162
One-Year Savings		\$1,952
Ten-Year Savings		\$19,520

* Notes: This assumes at least 20% of equity in the home. The interest rate, annual percentage rate (APR) shown are subject to change without notice. The monthly payment shown includes principal and interest only. Your payment may be higher if an escrow/ impound account is required. Your APR will vary based on your final loan amount. Stated rates and terms are intended as examples only. For a 30 year loan, a \$180,000 mortgage loan with a rate of 5.5% (APR 5.615%) with no points, would have a monthly payment of \$1,022.02 (principal & interest). For a 30 year loan, a \$180,000 mortgage loan with a rate of 4.0% (APR 4.095%) with no points, would have a monthly payment of \$859.35 (principal & interest).



Reason 2: Adjusting the Length of Your Mortgage

Wouldn't it be nice to cut the length of your mortgage in half? You can do that by moving from a 30-year loan to a 15-year. This will not only save you money by paying off the loan sooner but can also save you thousands because interest rates on shorter terms tend to be lower. Your monthly payments will likely be higher with this option but don't let that scare you! It just means you're paying more toward your principal each month. This is a great option to maximize return on your investment faster and plan for [debt-free homeownership](#).

	New Loan	Old Loan
Monthly Payment	\$1,423	\$1,022
Total Interest	\$78,488	\$190,199
Term	15-Year	30-Year
Interest Rate	5.0%	5.5%

* Notes: This example is shown for a \$180,000 conventional loan. This assumes at least 20% of equity in the home. The interest rate, annual percentage rate (APR) shown are subject to change without notice. The monthly payment shown includes principal and interest only. Your payment may be higher if an escrow/ impound account is required. Your APR will vary based on your final loan amount. Stated rates and terms are intended as examples only. For a 15 year loan, a \$180,000 mortgage loan with a rate of 5.0% (APR 5.193%) with no points, would have a monthly payment of \$1,423.43 (principal & interest).



Check out the [Mortgage Calculators](#) on our website if you'd like to crunch some numbers. See how extra payments can help you pay off your home quicker, and reduce the interest you pay.



Reason 3:

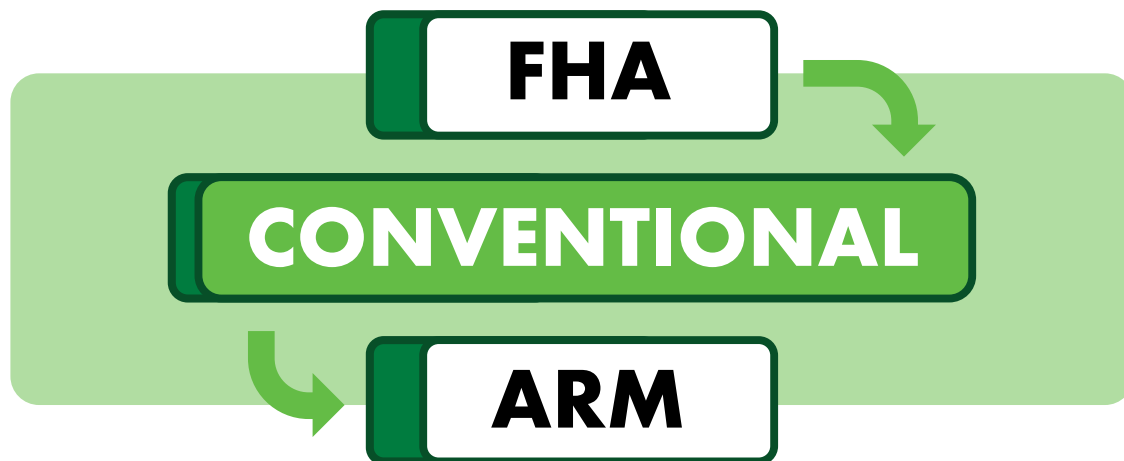
Removing Private Mortgage Insurance (PMI)

Home values have risen dramatically over the past few years. If your original down payment was less than 20%, you're probably paying PMI. Your home could now have enough equity to refinance and remove your monthly PMI payments which could save you a lot of money! The appraisal will serve as validation of the current value – and if your loan amount is 80% or less of the current appraised value, PMI should be dropped.

What is Private Mortgage Insurance (PMI)?



Private mortgage insurance, also called PMI, is a type of mortgage insurance you might be required to pay for if you have a conventional loan. Like other kinds of mortgage insurance, PMI protects the lender—not you—if you stop making payments on your loan.



Reason 4: Switching Your Loan Type

Moving from an FHA to a Conventional Loan

If you're a first-time homeowner your current mortgage may be with the FHA (Federal Housing Authority). Although FHA is a great option for some, paying premiums for mortgage insurance and other costs are common 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 program.

Moving from an ARM to a Conventional Loan

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



Reason 5:

Looking to Make Upgrades to Your Current Home

Inventory remains low making it difficult for those wanting to upsize. Because of this, many people are interested in making improvements to their current home. But how? Churchill has great options for current homeowners who have equity in their home, especially when mortgage rates are low.

Let's walk through an example. You bought a house 7 years ago and the value of your home has gone up. That's great news! During this time, your family has also grown (that's also great news). But you now need an extra bedroom. Instead of looking for real estate in your current school district, you can stay put and upgrade your home with an addition. We can help you explore your options so you can decide if you're ready to expand your home and avoid a costlier move.



Getting Started is Easy: How Do You Start the Refinance Process?

Now that we've narrowed down the top 5 reasons to refinance, let's take a look at what to expect once you start the process.

- The approval process will resemble what you originally experienced when you got your mortgage. Your lender will look at everything from your income, assets, credit score, other debts, current property values, and the total amount you want to borrow.
- When you refinance, you're not just renegotiating the terms of the old mortgage, you're replacing your existing loan with different terms. Because of this, expect that your home will need to be appraised, your credit will need to be checked, and there will probably be changes to your title and homeowners' insurance.

- You'll be responsible for closing costs unless you choose to finance those into the new loan. In order to know when the costs incurred with refinancing will break even with your savings, review the below example of an original loan rate of 6.0% and uses a \$200,000, 30-year fixed-rate loan at 5.0% with \$2,500 in closing costs.

Current monthly mortgage payment at 6.0%	\$ 1199
Subtract your new monthly payment	-\$ 1073
Your monthly savings	\$ 126
Divide total costs by monthly savings	\$2500/\$ 126
Number of months it will take to recover costs	19.8 months

*** Important Notices:**

For a 30 year loan, a \$200,000 mortgage loan with a rate of 5.0% (APR 5.101%) with no points, would have a monthly payment of \$1,073.64 (principal & interest).*
To give you accurate rate, we will require a credit report, and the fee will be collected at that time.

The rate quotes used in this report have the following assumptions: credit score above 740; property is SFR; borrower has sufficient income to qualify

- The interest rates, annual percentage rates (APRs), discount points and rebates shown are subject to change without notice.

- The monthly payment amount shown includes principal, interest and mortgage insurance only. Your actual monthly payment will be higher if an escrow/impound account is established or required. vYour APR will vary based on your final loan amount and finance charges.

Stated rates and terms intended as examples only. Call (888) 562-6200 for current rates and terms.



What's Stopping You?

Even with historically low interest rates, some people are still on the fence on whether refinancing is an option. It's smart to seek advice, ask questions, and work with a trusted Home Loan Specialist. Our team at Churchill Mortgage is trained to take care of your refinancing needs. Your consultation is free with no obligations if you decide this is not the right time to refinance. We're here for you when you're ready to compare interest rates and potential savings.

Call us at **888.562.6200** or visit us online at www.ChurchillMortgage.com



CHURCHILL

MORTGAGE®



Company NMLS ID # 1591 (www.nmlsconsumeraccess.org); AL-20934; AK-AK1591; AR-32094; AZ-0926494; CA-413125, Licensed by the Department of Business Oversight under the California Residential Mortgage Lending Act, under Churchill Mortgage Corporation, which will do business in California as Churchill Mortgage Home Loans; CO-Mortgage Company Registration, Churchill Mortgage Corporation, 761 Old Hickory Blvd. Ste 400, Brentwood, TN 37027, Tel 888-562-6200, Regulated by the Division of Real Estate; CT-ML-1591; DC-MLB1591; FL-MLD1264; GA-23146; ID-MBL-8038; IL-MB.6760685, Illinois Residential Mortgage Licensee, Department of Financial and Professional Regulation; IN-10930 & 10931; IA-2009-0009; KS-MC.0025136, Kansas Licensed Mortgage Company; KY-MC19522; LA- Residential Mortgage Lending License; MD-18840; ME-Churchill Mortgage Corporation, Supervised Lender License NMLS # 1591; MI-FR0019014 & SR0014889; MO-15-2136-A, 2300 MAIN ST STE 900, Kansas City, MO 64108-2408; MN-MN-MO-1591; MS-1591; MT-1591; ND-MB103110; NE-2037; NH-Licensed by the New Hampshire Banking Department 21382-MBS; NJ-Licensed Mortgage Banker by the NJ Banking and Insurance Department; NM-03780; NC-L-144110; OH-MBMB.850178.000 & SM.501828.000; OK-MB002527 & ML002574; OR-ML-5134; PA-41761, Licensed by the PA Department of Banking and Securities under Churchill Mortgage Home Loans; RI-Rhode Island Licensed Lender; SC-MLS-1591; SD-ML.05137; TN-109305; TX- Mortgage Banker Branch Registration; VA-MC-5222, Churchill Mortgage Corporation of TN; VT-7009; WA-CL-1591; WV-ML-34919; WI-1591BA & 1591BR; WY - 2516; Tel 888-562-6200; 761 Old Hickory Blvd. Ste 400, Brentwood, TN 37027; All other states, Churchill Mortgage Corporation

This report may not be reproduced or transmitted in any form without the written permission of the author. Although the author and publisher have prepared this guide with the greatest of care, and have made every effort to ensure the accuracy, we assume no responsibility or liability for errors, inaccuracies or omissions.

* Important Notices:

To give you accurate rate, we will require a credit report, and the fee will be collected at that time.

The rate quotes used in this report have the following assumptions: credit score above 740; property is SFR; borrower has sufficient income to qualify

- The interest rates, annual percentage rates (APRs), discount points and rebates shown are subject to change without notice.

- The monthly payment amount shown includes principal, interest and mortgage insurance only. Your actual monthly payment will be higher if an escrow/impound account is established or required.

- Your APR will vary based on your final loan amount and finance charges.

Stated rates and terms intended as examples only. Call (888) 562-6200 for current rates and terms.