



Knowing Your Situation

Before you begin the steps to refinancing your home, ask yourself these questions to see if it is an option for you:

- How long do I plan to stay in my current home?
- How much do I owe on my home?
- What is my interest rate and what are the current interest rates available?
- How much can I afford to pay costs associated with refinancing?
- Why do I want to refinance?

Some of the problems homeowners, who wish to refinance, face are:

- **No Equity in Home.** If you have little or no equity in your home, refinancing may not be an option for you. Another term for this is the Loan to Value (LTV) ratio of your home. If you have less than 10% equity, or a 90% LTV, it isn't going to be easy to refinance.
- **Unpaid Debt.** If you have other debts on top of your mortgage, they can impact your ability to refinance. If you are paying more than 38% of your income towards debt, you may not be able to refinance, and if you can refinance, you will not get the best rates.
- **No Cash.** In order to refinance successfully, you have to have cash set aside for emergencies and or to cover closing costs. Some programs require up to three months cash reserves of principal, interest, tax, and insurance payments, also known as PITI. These funds also need to be seasoned for two months in an account prior to refinancing.

If Refinancing is an Option for You

- **Gather Your Paperwork.** Lenders will require paperwork in order to get the refinance started. Having these items ready will move the process along faster. Items include: driver's license, SSN, paystubs, tax returns, bank statements, debts, homeowner's insurance policy, etc.
- **Know Your Score.** After you gather your paperwork, get a copy of your credit report and credit score. As a consumer, you are entitled to one free copy of your credit report and score every year. Check to make sure your information is correct. Follow up on any discrepancies.
- **Apply.** Research your lender options. Chose a company that you trust and feel comfortable with and apply. With all of your information, a loan officer can help you navigate through your options
- **Stay Informed.** The more you know the better. Don't be afraid to ask questions!
 - How much can I borrow?
 - What interest rate do I qualify for?
 - What are the fees and other costs, and how much are they?
 - What terms are available?
 - How much will my monthly payment be? How much will I be saving?
 - Is there a fee if I pay my mortgage off early?
 - Am I eligible for any special mortgage refinancing programs, such as government sponsored programs?
- **Choose an Offer and Close the Deal.** Once you are approved and are informed about your options, take the time to select the loan program that best suits your needs. Make sure you keep in close contact with your loan officer and get them any additional paperwork they may need in order to schedule your closing.

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