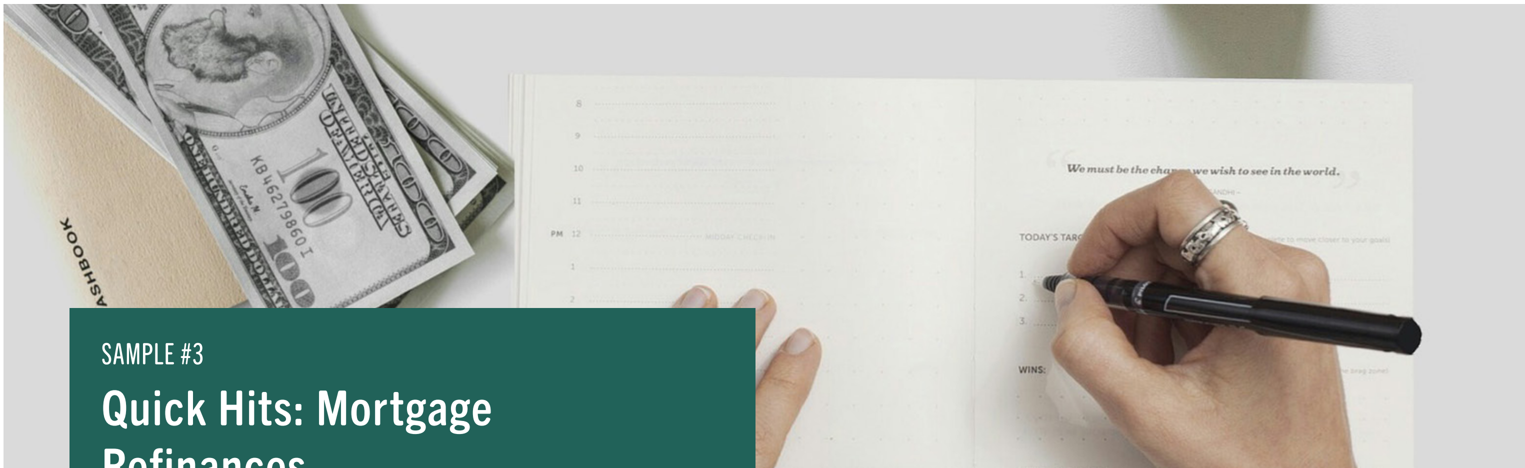

SAMPLE #3

Quick Hits: Mortgage Refinances

Medium: Blog/Educational Series
Audience: Existing Home Owners

As home values have increased, there's been a lot of talk about refinancing. But what exactly is a refinance, and why should it be important to you?

Simply put, when you refinance your loan, you pay off your current loan with a new one, generally with terms that are more beneficial to you and your current financial situation. There are several reasons that make a refinance a good financial decision.

What are the reasons to refinance your mortgage?

Lower your interest rate

If your credit score has increased, or if rates are lower than they were when you locked in your rate for your first mortgage, a refinance could potentially save you a lot of money. For example, taking a look at a 30-year fixed-rate loan of $220,000 at 4.750% (5.004% APR) and 4.250% (4.497% APR) shows just how much savings you can expect!

	$275,000 HOME PRICE; $220,000 LOAN AMOUNT	
	30-YEAR FIXED	30-YEAR FIXED
Rate (APR)	4.750% (5.004%)	4.250% (4.497%)
Est. Principal/Interest Pmt	$1,148	$1,082
Amount Saved - 10 Years	-	$7,920

Reduce or increase the term of your loan

Sometimes a new financial situation warrants a new loan term. Increasing the term of your loan — say, from 15 years to 30 years — can decrease your monthly payments, but will increase the amount of interest paid over time. On the other hand, decreasing your term will increase your payments, but can help shave thousands off the cost of the loan over time.

	$275,000 HOME PRICE; $220,000 LOAN AMOUNT	
	30-YEAR FIXED	15-YEAR FIXED
Rate (APR)	4.75% (5.004%)	4.25% (5.684%)
Est. Principal/Interest Pmt	$1,148 *	$1,655 **
Total Interest Paid	$193,145	$77,902

Change your type of loan

Loans will generally fall into two categories — fixed-rate or adjustable-rate. If you have an adjustable-rate mortgage and anticipate rates increasing when you reach your adjustable period, a refinance can help stabilize your future payments. If you have a fixed-rate loan and anticipate moving within a short period of time, switching to an adjustable-rate mortgage could get you a lower interest rate until you move.

Tap into your home's equity and take out cash

If you've built up equity in your home, you can utilize that equity to pay for big ticket items such as home renovations, educational expenses, and more!

How do I know if I'm ready for a Refinance?

A home refinance can be an invaluable tool in your financial success. It can free up cash flow so that you can make more informed financial decisions.

If you've been considering one, you can take some steps now to make sure that your process is as seamless as possible .

Quick Hits: Mortgage Refinances
(CONT'D)

Identify Your Financial Goals and Check Affordability
First, you'll need to take a financial snapshot to see how a refinance will benefit you most. Service First has a variety of tools (including our Refinance Calculator) that can assist you with budgeting and number crunching, so feel free to reach out if you need assistance!

Gather Your Original Loan Documentation
Much of the property information that is located on your original loan documents can help expedite parts of the process, so having that on hand can be beneficial.

Get Pre-Qualified
Once you've checked your financial situation and gathered your documents, it's time to get pre-qualified! This will allow you to get a more realistic view of what your new loan will cost and what kind of savings you can expect.

As a reminder, you may be asked for the following documents as well, so be sure to track these down well in advance so you're not stuck searching at the last minute!

+ Previous 2 years' tax returns
+ Previous 2 years' W2s and/or 1099s
+ Past month's pay stubs
+ Copy of Driver's License and Social Security Card
+ Previous 2 months' bank statements for all copies
+ If your situation is unique, you may need to bring additional documentation but don't worry — your Service First Loan Officer will walk you through each step.