Refinance Guide for NH, VT, and ME (2026)

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THE SHORT ANSWER

A mortgage refinance will replace your existing mortgage with a new one.

People refinance to:

- Pull cash out and pay off other debt
- Change their rate or term
- Drop mortgage insurance
- Change who's on the loan after a divorce, or when a co-borrower is ready to come off

Right now, the question I hear most is this one: What can I do if I can't keep up with my monthly payments?

That's where a cash-out refinance and debt restructure comes in, so it's first in this guide.

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Why I wrote this

Groceries cost more. Insurance costs more. Even lunch costs more.

I'm getting more calls from good people with good jobs who are just squeezed every month.

Most of them have equity in their home and high-interest debt everywhere else.

Others have a low rate they don't want to lose, mortgage insurance they'd like to get rid of, or a name on the loan that needs to change.

This guide covers all of it in plain English. No pitch.

Refinancing at a glance

Topic	What to know
Cash-out refinance	A new, bigger mortgage. The extra pays off other debts or comes to you as cash.
Rate-and-term refinance	A new mortgage for about what you owe, to change the rate, the term, or the loan type.
Streamline refinance	A simpler refinance of an existing FHA, VA, or USDA loan, often with no appraisal.
HELOC or second mortgage	Borrow against your equity and keep your first mortgage and its rate.
Cash you can take out	Usually up to 80 percent of your home's value on conventional and FHA cash-out. We also have a conventional cash-out refinance that goes up to 90 percent of your home's value, for the right borrower. VA can go higher.
Mortgage insurance	Refinancing from FHA to conventional is a common way to drop it, if your equity is there.
Changing who's on the loan	After a divorce, or when a co-borrower who helped you qualify is ready to come off, a refinance puts the loan in the right name or names.
Timeline	Often 30 to 45 days.
The one mistake to avoid	Running the cards back up after a cash-out.

This is how I look at refinancing.

It is not an offer or a quote, and every situation is different.

1. The 3 kinds of refinance

Cash-out refinance. You take a new mortgage for more than you owe. The difference pays off other debts at closing or comes to you as cash.

Rate-and-term refinance. You take a new mortgage for about what you owe, to change your rate, your term, or your loan type. Little or no cash comes out.

Streamline refinance. A simpler refinance of an FHA loan into a new FHA loan, a VA loan into a new VA loan, or a USDA loan into a new USDA loan. Less paperwork, and often no appraisal.

2. Cash-out refinance and debt restructure

What can I do if I can't keep up with my monthly payments?

A cash-out refinance and debt restructure can roll your credit cards, car loan, and personal loans into one payment.

Here's how it works. You take out a new, bigger mortgage on your home. The new loan pays off your current mortgage. The extra pays off your other debts at closing.

Credit cards averaged about 22 percent interest in the second quarter of 2026, according to the Federal Reserve. Mortgage money usually costs a lot less.

So for a lot of my clients, the one new payment is considerably smaller than all the old payments combined.

They consolidate their debt, reduce their monthly payments, and get some breathing room.

3. What to do with the breathing room

This is where it gets good.

First, emergency savings. A cushion keeps the next surprise off a credit card.

Then, pay the mortgage down faster. Extra principal each month shortens the loan and cuts the interest you pay over time.

That's how you build wealth, not just get by.

4. The one mistake to avoid

Running the cards back up.

If the balances come back, you have the bigger mortgage and the debt.

You're better off avoiding that high-interest debt altogether and sticking with the plan.

5. What to know before a cash-out refinance

- **The debt is now tied to your home.** Credit card debt isn't secured by your house. A mortgage is.
- **There are closing costs.** They're part of the math.
- **A longer payoff can cost more over time.** Stretching debt over a new mortgage term can mean more interest in total, unless you pay it down faster.
- **You're replacing your whole mortgage,** including the rate you have now. If that rate is low, read section 6 first.

If the numbers don't work for you, I'll tell you.

6. Have a low rate you want to keep?

If you were to do a cash-out refinance, your whole mortgage would be replaced, including that low rate.

There's another way that might help you get the cash and keep your low rate.

A home equity line of credit (HELOC), or a second mortgage.

Your first mortgage stays exactly where it is. Same rate. Same loan.

You only borrow the new money on top.

But you can't just pick the smaller payment.

I run the analysis both ways and show you the total cost of each, side by side.

Sometimes the refinance still wins. Sometimes the second mortgage wins.

7. How much cash can you take out? 3 rules

1. The 80 percent line. On a conventional or FHA cash-out refinance, you can usually borrow up to 80 percent of what your home is worth. The rest of your equity stays in the house.

We also have a conventional cash-out refinance that goes up to 90 percent of your home's value, for the right borrower. Ask me if you're close to the 80 percent line.

2. The 12-month rule. Conventional: the mortgage you're paying off has to be at least 12 months old, and you've been on title at least 6 months. FHA: you've owned and lived in the home for the past 12 months and made every payment on time.

3. Veterans. A VA cash-out refinance can go up to the full value of the home under VA rules. Every lender sets its own limit, so ask.

8. Rate-and-term refinance

A rate-and-term refinance replaces your mortgage with a new one for about what you owe.

People use it to:

- Move to a lower rate when rates allow it
- Shorten the term and pay the house off sooner
- Switch from an adjustable rate to a fixed rate
- Move from FHA to conventional to drop mortgage insurance (section 10)
- Take a name off the loan (section 11)

On a conventional rate-and-term refinance, the cash you can take back is capped at the greater of 1 percent of the new loan or $2,000. It's built for changing the loan, not for pulling cash out.

Does it make sense? I add up the closing costs, then figure out how many months of savings it takes to cover them. If you'll stay in the home longer than that, it may be worth it. If not, it probably isn't.

9. Streamline refinances: FHA, VA, and USDA

FHA Streamline. For an existing FHA loan going into a new FHA loan.

- No appraisal required.
- At least 6 payments made and at least 210 days since your current loan closed.
- Your recent payments need to be on time.
- The new loan has to give you a real benefit. For a fixed rate to a fixed rate, the combined rate (interest plus annual mortgage insurance) has to drop by at least half a percentage point.

VA streamline (IRRRL). For an existing VA loan going into a new VA loan.

- You must have lived in the home at some point.
- At least 6 monthly payments made and at least 210 days since the first payment on your current loan.
- For a fixed rate to a fixed rate, the new rate has to be at least half a percentage point lower.
- The costs have to be recovered through the savings within 36 months.
- Usually no appraisal. The VA funding fee is 0.5 percent, and many veterans with a VA disability rating are exempt.

USDA Streamlined-Assist. For an existing USDA loan going into a new USDA guaranteed loan.

- Your current USDA loan has to have closed at least 12 months ago.
- Your payments need to have been on time for the past 12 months.
- The new loan has to lower your monthly payment by at least the minimum USDA sets.
- No new debt-to-income calculation.
- In most cases, no appraisal.
- You have to live in the home.

Lenders can add their own requirements on top of the program rules.

10. Dropping mortgage insurance

Conventional loans. You can ask to cancel private mortgage insurance once you owe 80 percent of your home's original value, if your payments are current and your history is good. It drops off on its own at 78 percent.

FHA loans. If you put down less than 10 percent on an FHA loan from mid-2013 on, the mortgage insurance usually stays for the life of the loan. With 10 percent or more down, it lasts 11 years.

That's why a lot of FHA borrowers refinance into a conventional loan once their home has gained enough value. The mortgage insurance can go away with the old loan.

11. Changing who's on the loan: divorce or a co-borrower

Life changes. The names on your mortgage don't change on their own.

After a divorce. Taking a name off the deed doesn't take that person off the mortgage. Both of you stay responsible for the loan until it's refinanced or paid off. A refinance puts the loan in the name of the person keeping the house, and it can pay the other spouse their share of the equity as part of the settlement. On a conventional loan, a buyout like that can often be done as a rate-and-term refinance instead of a cash-out, as long as the two of you have owned the home together for at least 12 months.

Removing a co-borrower. Maybe a parent co-signed to help you buy, or you needed a second income to qualify at the time. Once your income and credit can carry the loan on their own, a refinance can take that person off so they're free and clear.

The key in both cases: the person staying on the loan has to qualify on their own income, credit, and debts. That's the first thing I check.

12. How long a refinance takes

Often 30 to 45 days from application to closing, depending on the appraisal, title, and how fast documents come in.

13. When not to refinance

- When you'll move before the savings cover the closing costs.
- When the cash-out would only fund spending that puts the cards right back where they were.
- When giving up a low first-mortgage rate costs more than a HELOC or second mortgage would.

- When stretching the loan out costs more in total than it saves each month, and you don't plan to pay it down faster.

If refinancing isn't the right move, I'll tell you that too.

14. Falling behind already? Call early

While your payments are on time, you have options. A refinance. A second mortgage. A real plan for the cards.

Fall behind, and those options start to close. So call early.

Never pay anyone up front to fix your debt. That's a red flag. Walk away.

If you want help with a budget, a HUD-approved housing counselor is free: consumerfinance.gov/find-a-housing-counselor.

15. What to gather before we talk

- Your current mortgage statement
- A list of your debts: balance and monthly payment for each card and loan
- A rough idea of your home's value
- Your last two pay stubs and last two years of W-2s (or tax returns if you're self-employed)
- Your homeowners insurance declarations page
- If it's a divorce: your divorce decree or separation agreement

You don't need all of it to start. A quick call is enough to see if refinancing makes sense.

Frequently asked questions

What are the main types of refinance?

Cash-out, rate-and-term, and streamline. A cash-out refinance takes equity out. A rate-and-term refinance changes the rate, term, or loan type. A streamline is a simpler FHA-to-FHA, VA-to-VA, or USDA-to-USDA refinance.

Can I use a cash-out refinance to pay off credit cards?

Yes. On a conventional cash-out refinance, the extra can pay off credit cards and other debts at closing.

Will a cash-out refinance lower my monthly payments?

It can. For a lot of my clients, one new mortgage payment is considerably smaller than all their old payments combined. It depends on your debts, your home's value, and your current

mortgage, so I run the numbers first.

What's the catch with consolidating debt into my mortgage?

The debt becomes tied to your home, there are closing costs, and a longer payoff can cost more over time. And if the cards get run back up, you end up with both.

How much cash can I take out of my house?

Usually up to 80 percent of your home's value on a conventional or FHA cash-out refinance. We also have a conventional cash-out refinance that goes up to 90 percent, for the right borrower. A VA cash-out refinance can go higher under VA rules, and each lender sets its own limit.

I have a low rate. Should I refinance to get cash?

Not before you compare it to a HELOC or a second mortgage, which can leave your first mortgage and its rate in place. I run both and show you the total cost of each.

What is an FHA Streamline refinance?

A simpler refinance of an existing FHA loan into a new FHA loan, with no appraisal required. You need at least 6 payments and 210 days on your current loan, on-time recent payments, and a real benefit from the new loan.

What is a VA IRRRL?

The VA's streamline refinance, from a VA loan into a new VA loan. The new rate has to be lower, the costs have to be recovered within 36 months, and you need at least 6 payments and 210 days on your current loan.

What is a USDA streamline refinance?

USDA's Streamlined-Assist refinance, from a USDA loan into a new USDA guaranteed loan. Your current loan has to be at least 12 months old with 12 months of on-time payments, and the new payment has to come in lower. There's no new debt-to-income calculation, and in most cases no appraisal.

How do I get rid of FHA mortgage insurance?

If you put down less than 10 percent on an FHA loan from mid-2013 on, refinancing into a conventional loan is the usual way, once you have enough equity.

How long does a refinance take?

Often 30 to 45 days from application to closing.

Can I remove my ex-spouse from our mortgage after a divorce?

Taking someone off the deed doesn't take them off the mortgage. The usual way is a refinance into the name of the person keeping the house, who has to qualify on their own. The refinance can also pay the other spouse their share of the equity.

Can I take a co-signer or co-borrower off my mortgage?

Usually by refinancing into your name alone, once your income and credit can qualify for the loan on their own.

Your next step

Send me a quick list of what you owe and what you pay each month, plus your current mortgage statement.

I'll run your numbers the ways that make sense for you and tell you straight if refinancing is worth it. No pressure, and it costs nothing to find out where you stand.

Apply for a Mortgage Now | **Book a Call**

Or call or text (603) 605-8327

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I help homeowners across the Upper Valley, the Lake Sunapee region, and NH's Lakes Region, and throughout New Hampshire, Vermont, and Maine.

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