HELPFUL RESOURCE · YOUR OPTIONS

REFINANCE GUIDE

What to consider before refinancing, including payment changes, closing costs, loan terms, and your break-even point.

START HERE

A refinance replaces your loan — it does not adjust it

You are not modifying your existing mortgage. You are taking out a new loan that pays off the old one, with its own application, underwriting, costs, and term. That framing matters, because it explains why a refinance carries costs and why the clock on your loan generally starts over.

REASONS PEOPLE LOOK AT IT

Six situations worth evaluating

Change the term
Moving to a shorter or longer term changes both the payment and the total interest paid over the life of the loan.

Change the structure
Moving between adjustable and fixed structures changes how predictable your payment is going forward.

Access equity
A cash-out refinance converts equity into funds. Available amounts and eligibility vary by lender and program.

Address mortgage insurance
Depending on your program and equity position, a refinance may change how mortgage insurance applies. Rules vary.

Change who is on the loan
Adding or removing a borrower generally requires a new loan rather than a change to the existing one.

Consolidate a second lien
Combining a first and second mortgage into one loan is possible on some programs. Eligibility varies.

NEW LOAN → PAYS OFF THE OLD → NEW TERM BEGINS

Unless you deliberately choose a shorter term, the amortization clock restarts.

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FINDING YOUR BREAK-EVEN POINT

YOUR WORKSHEET

The math that tells you whether it is worth it

+	Lender and third-party costs to refinance	
+	Prepaids and funding the new escrow account	
−	Escrow refund from your current loan, if applicable	
=	**Total cost to refinance**	
÷	Change in your monthly payment	
=	**Months to break even**	

WORTH SAYING PLAINLY

A lower monthly payment can still cost you more.

If you are several years into your current loan, restarting a full term can increase total interest even when the payment drops. Compare the break-even months against how long you actually plan to keep the property. If you would move before you break even, the refinance likely is not doing what you want it to.

LANGUAGE YOU WILL HEAR

Rate-and-Term Refinance
A refinance that changes terms without taking cash out.

Cash-Out Refinance
A refinance for more than you owe, converting equity to funds.

Break-Even Point
How long it takes for the change to offset the cost.

Recast
Re-amortizing your existing loan after a lump sum. Not a refinance, and not offered on every loan.

Subordination
Agreement letting an existing second lien stay behind a new first.

Escrow Refund
Return of the balance held on the loan being paid off.

BEFORE OUR CALL

- ☐ Your current loan statement
- ☐ The term and structure you have now
- ☐ How long you plan to keep the property
- ☐ What you want the refinance to accomplish
- ☐ Any second lien or HELOC on the property
- ☐ Recent income and asset documentation

READY FOR THE NEXT STEP?

Let’s run your break-even before anything else.

If the math does not work, I would rather tell you that than write the loan.

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