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| TIME TO REFINANCE HOME FORM*This is a Microsoft Word document to be filled out on your computer by both you and your spouse. Do not print and fill out by hand. Various tables will have to be expanded to accommodate your additional information.*  |
| Client Name: | Spouse name: | Date: |

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| **STEP 1 – POINTS TO CONSIDER***For areas of concern or interest, place an “X” in the adjacent box* |
|  | *Cash Flow –* Is refinancing necessary to keep afloat? What are the implications of selling the house to free up cash flow? |
|  | *Cash Flow –* Refinancing may lower monthly payments but add years to the mortgage. How should these additional years be weighed against the short-term cash savings? |
|  | *Cash Flow-*Is the purpose of refinancing to roll maxed out lines of credit into the mortgage? If this is true, what safeguards are in place to guarantee history will not repeat? |
|  | *Cash Flow-* Does home equity now exceed 20% of all outstanding home loans? If so, refinancing can be done without Private Mortgage Insurance (PMI). PMI traditionally adds on average 0.75% to the base mortgage interest rate. |
|  | *Credit History* –Is the credit score healthy enough to obtain a mortgage at a reasonable rate?  |
|  | *Fees –* Refinancing fees can be substantial. What due diligence has there been to determine whether the rate and fees are competitive? |
|  | *Fees –* Is cash sufficient to cover all refinancing fees? Will fees impinge on the emergency cash reserves? |
|  | *Maturity –* Instead of refinancing, is it possible to retire the mortgage earlier with extra payments? What would be the net savings? |
|  | *Relocating –* Historically the U.S. population moves every five to seven years. Does it make sense to refinance? |
|  | *Retirement* – If the mortgage will not be paid off prior to retirement, will Social Security and pensions be sufficient to cover the mortgage in addition to everyday living expenses? |

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| **STEP 2 – CONSOLIDATE YOUR PAPERWORK***Do not approach your mortgage broker yet. First it must be determined whether it is feasible to refinance.*  |
| The following documents are needed to proceed with this form. When finished do not send the supporting documents but only this form to*Karen@ContourFinancial.com**.* |
|  | Credit history report from Experian, Equifax and Trans Union. A free copy from each of the agencies can be obtained from [*Annual Credit Report*](http://www.annualcreditreport.com/). Any errors need to be cleared up immediately.  |
|  | Obtain [*FICO*](http://www.myfico.com/) score. This website also has a calculator which shows what people with different FICO scores can be expected to pay in terms of interest rates. |
|  | Current mortgage statements. |
|  | *Retirement Update Letter* sent from Contour Financial at year-end. |
|  | *Net Worth Statement* sent from Contour Financial at year-end. |

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| **STEP 3 – PRIMARY LOAN CURRENTLY IN FORCE** |
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| --- | --- | --- |
| 1 | Current Loan Balance | $ |
| 2 | Monthly Payment Less Property Taxes & Insurance | $ |
| 3 | Number of Payments Remaining on Loan |  |

For all these fields reference *Current Mortgage Information* and/or *Retirement Update Letter.* |

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| **STEP 4 – SECONDARY LOAN OR HELOC CURRENTLY IN FORCE** |
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| --- | --- | --- |
| 1 | Current Loan Balance | $ |
| 2 | Monthly Payment Less Property Taxes & Insurance | $ |
| 3 | Number of Payments Remaining on Loan |  |

For all these fields reference *Current Mortgage Information* and/or *Retirement Update Letter.* |

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| **STEP 5 – CALCULATE WHETHER ADDITIONAL FUNDS ARE REQUIRED**In order to refinance the mortgage, what is owed must be less than current market value of the home.

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| --- | --- | --- | --- | --- | --- | --- |
|  **Primary Loan Bal1** | **+** | **Secondary Loan Bal2** | **-** | **Home Mkt Value3** | **=** | **Additional Funds Reqd4** |
| $ | + | $  | - | $ | = | $ |

1Reference *Step 3/Row 1* above.2Reference *Step 4/Row 1* above.3Reference *Net Worth Statement*.4If this number is negative (-), place “0” in this field. |

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| **STEP 6 – DETERMINE AVAILABILITY OF REQUIRED FUNDING***If the additional funds required field in step #5 is:** *Equal to $0, then skip this step.*
* *Greater than $0, then use this table to assess the available financing. It is important first that there be sufficient Emergency Cash Reserves, as defined as having enough Taxable Assets on hand to cover Living Expenses for a certain number of months.*

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| --- | --- | --- | --- | --- | --- | --- |
| **(Taxable Assets1** | **X** | **Months Needed2)** | **-** | **Living Expenses3** | **=** | **Funds Available4** |
| ($  | X |  ( ? /12) ) | - | $ | = | $ |

1Reference *Net Worth Statement.*2For ‘?’ use 8 months if married & working, 12 months if single & working, and 16 months if getting close to or are currently retired.3Reference *Retirement Update Letter*.4If this number is negative (-), place 0 in this field. |

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| **STEP 7 – DETERMINE WHETHER ADDITIONAL FUNDING IS SUFFICIENT** |
| *If the additional funds required field in step #5 is:** *Less than or equal to the funds available to offset shortfall in step #6, then there are adequate resources. Contact the banker or mortgage broker at this time and obtain a quote for a new mortgage.*
* *Greater than the funds available to offset shortfall in step #6, then stop now. Resources are insufficient to refinance.*
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| **STEP 8 – INFORMATION FOR NEW LOAN** |
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| --- | --- | --- |
| 1 | Amount of Loan Needed1 | $ |
| 2 | Projected Interest Rate2 |  % |
| 3 | Total Number of Payments3 |  |
| 4 | Monthly Payment Less Property Taxes & Insurance4 | $ |

1If unknown, Contour Financial will estimate the amount of loan required.2If unknown, Contour Financial will estimate the interest rate, or reference [*BankRate*](http://www.bankrate.com/)*.com*. Note that if loan value exceeds 80% of the property’s market value, Private Mortgage Insurance (PMI) will be required. PMI traditionally adds on average 0.75% to the base mortgage interest rate. Reference *Bank Rate –* *The Basics of Private Mortgage Insurance (PMI).*3e.g. – For a 30 year term enter 360.4If unknown, Contour Financial will estimate the monthly payment. |

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| **CONCLUSION-STEP 9 – CALCULATE CHANGE IN *ANNUAL MORTGAGE PAYMENTS***  |
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| **Description** | **Monthly Amount** | **X** | **Months** | **=** | **Yearly Amount** |
| Old Mortgage-Primary | +$ 1 | X | 12 | = | +$ |
| Old Mortgage-Secondary | +$ 2 | X | 12 | = | +$ |
| New Mortgage | - $ 3 | X | 12 | = | - $ |
| **Increase (-$) or Decrease (+$) in Yearly Mortgage Payments**4 | +/- $ |

1Reference *Step 3/Row 2* above.2Reference *Step 4/Row 2* above.3Reference *Step 8/Row 4* above.4A negative number indicates that this new mortgage is actually costing more per year than if the old loan(s) were kept in force. |

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| **CONCLUSION-STEP 10 – CALCULATE CHANGE IN *TOTAL MORTGAGE PAYMENTS***  |
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| **Description** | **Monthly Amount** | **X** | **# of Remaining Payments** | **=** | **Total Payments** |
| Old Mortgage-Primary | +$ 1 | X |  4 | = | +$ |
| Old Mortgage-Secondary | +$ 2 | X |  5 | = | +$ |
| New Mortgage | - $ 3 | X |  6 | = | - $ |
| **Increase (-$) or Decrease (+$) in Total Mortgage Payments**7 | +/-$ |

1Reference *Step 3/Row 2* above.2Reference *Step 4/Row 2* above.3Reference *Step 8/Row 4* above.4Reference *Step 3/Row 3* above.5Reference *Step 4/Row 3* above.6Reference *Step 8/Row 3* above.7A negative number indicates that this new mortgage is actually costing more over the life of the loan than if the old loan(s) were kept in force. |

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| **CONCLUSION-STEP 11****CALCULATE ONE-TIME NON-MORTGAGE *EXPENSE OR REFUND* AMOUNT** |
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| --- | --- | --- | --- | --- | --- |
| **Description** | **Input Amount** | **X** | **%** | **=** | **Amount For Year** |
| Old Mortgage-Primary-Payoff | ========= | == | ==== | = | +$ 1  |
| Old Mortgage-Secondary-Payoff | ========= | == | ==== | = | +$ 2 |
| New Mortgage-Loan Amount | ========= | == | ==== | = | - $ 3 |
| New Mortgage-Fees | -$ 3 | X | .01254 | = | - $ |
| **One-Time Non-Mortgage Expense (-$) or Refund (+$) For This Year**5 | **+/-$** |

1Reference *Step 3/Row 1* above.2Reference *Step 3/Row 1* above.3Reference *Step 8/Row 1* above.4Embedded in this percentage is the mortgage fee which consists of both Lenders Origination (Points) and Third-Party fees (Normally 1.25% of the loan amount). Reference [*BankRate – Mortgage Closing Costs By State*](http://www.bankrate.com/finance/mortgages/closing-costs/closing-costs-by-state.aspx)and *Zillow – What are Closing Costs and how Much are they Typically?*5In year one this figure will be refunded or debited to the yearly amount in step #9. In years two and later, only the expenses from step #9 will be applicable. |