



# Getting Mortgage Ready

## *Refinancing 101*



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# What is Refinancing?

Refinancing is the process of getting a new mortgage to replace your original one. Instead of throwing out the original mortgage, the first loan is paid off when the new loan is created.

# Cash-out Refinance

With a cash-out refinance, you substitute your current home loan with a new mortgage that's higher than your outstanding loan balance. A cash-out refinance makes the most of the equity you have built over time by letting you pocket the difference between the two mortgages in cash. This lump sum opens the door for consolidating high-interest debt, making important purchases, or tackling large-scale home renovation projects.



# Should You Refinance?

*To refinance or not to refinance*—that is the question. And the answer depends on how much a refinance will benefit you as a homeowner. Here are the top 4 things to consider if you want to refinance your home:

- **Your Current Rate** - If your current interest rate is lower than 5%, a refinance may not be worth your time. Reach out to our refinancing experts at MortgageRight to learn more about why this may not be the right option for you.
- **Equity In Your Home** - If you do not have a certain percentage of equity in your home, you may have to deal with extra costs. Typically, 15-20% equity in your home should be your aim.
- **Your Credit Score** - You should keep tabs on your credit score if you're planning to refinance your home. If your credit score is 660 or above, a refinance is certainly an option (if all other criteria are met).
- **How Long You Will Stay In Your Home** - If you go the refinance route, do you plan to stay in your home for two years or more afterward? If you're thinking of refinancing and leaving your home shortly after, refinancing may not be the most affordable option for you.





# Is There a Right Time to Refinance?

Every situation is unique, but generally, if your rate is 0.5% to 1% higher than the current market rates, it wouldn't hurt to investigate your options.

Refinancing can be worthwhile if your rate is more than 1% higher than the current rate. For those with interest rates 0.5% to 1% higher than the current rate, you should contact a mortgage specialist to discuss how long you plan to live in your current home and other factors that might affect your decision.

Contact one of our mortgage professionals today to gain certainty about your refinance options!

# Thank You!

*We Look Forward to Working With You!*



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