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## EASIEST STEPS

## REFINANCING A MORTGAGE

Written For: [MadisonMortgageGuys.com](http://MadisonMortgageGuys.com)

# Easiest Steps to Refinancing a Mortgage

## STEP I | Decide why you want to refinance

Refinancing is often misunderstood. Even though you may currently have a mortgage loan, once you refinance that loan will be closed out. You are starting over with a new mortgage after a refinance.

There are many reasons to refinance. Some people want to take advantage of a better mortgage interest rate and save money in the long term. Others wish to use the equity in their home to pay other debt such as credit cards, student loans, and automobile loans. While this may save money monthly, it is only a good idea if no new debt is added in the short term.

Talk with a mortgage lender that can provide different scenarios about the immediate cost savings as well as long-term savings.

## STEP II | Get your financial paperwork together

The smoothest mortgage refinances occur when all of the paperwork is together and ready to go. You should have copies of the following items ready to provide to your mortgage lender:

For people with jobs:

- The most recent pay stubs that cover income for the past 60 days
- W-2 forms from the past 2 calendar years
- Full copies of federal and state tax returns from the past 2 years

For self-employed people

- Cash flow statement from an accountant describing your personal income for the past 60 days
- Full copies of BUSINESS federal tax returns from the past 2 years
- Full copies of PERSONAL federal tax returns from the past 2 years

In addition to the above items you will also need the following:

- Bank statements from the past 2 months for all savings accounts
- Bank statements from the past 2 months for all checking accounts
- Most recent statement (dated within the last 30 days) of any investment account
- Most recent statement (dated within the last 30 days) of any retirement account



Be prepared to explain any large purchases or withdrawals from checking, savings, investment or retirement account. For example, if you normally put away \$120 every two weeks in your savings account and you have a single deposit of \$3,500 from the sale of an old car, then you will need to provide a copy of the bill of sale for the car.

### STEP III | Contact your Mortgage Lender

Get in touch with your mortgage lender to complete a full mortgage application

### STEP IV | Keep everything up to date

Now that you have applied for a mortgage it is important to maintain every bill in your name. Do not stop paying your mortgage, credit cards, student loans, car note or any other debt. Also, make sure to pay your utilities, insurance, and every other obligation. A late payment on a utility or other item could quickly turn in to a collection. This can significantly drop your credit score and lead to your loan being denied since many lenders will request a second credit report the day before closing.

### STEP V | Close the loan

Once the lender has approved your loan along with the appraisal of the property you will be notified when the loan will close and where you need to go in order to sign the paperwork.



## Disclosures:

Information is subject to change without notice. This is not an offer for extension of credit or a commitment to lend. Loans subject to credit approval.

