

# Is Refinancing Right for Me?



CHRISTENSEN FINANCIAL  
INC

*Home Loans with a Human Touch*



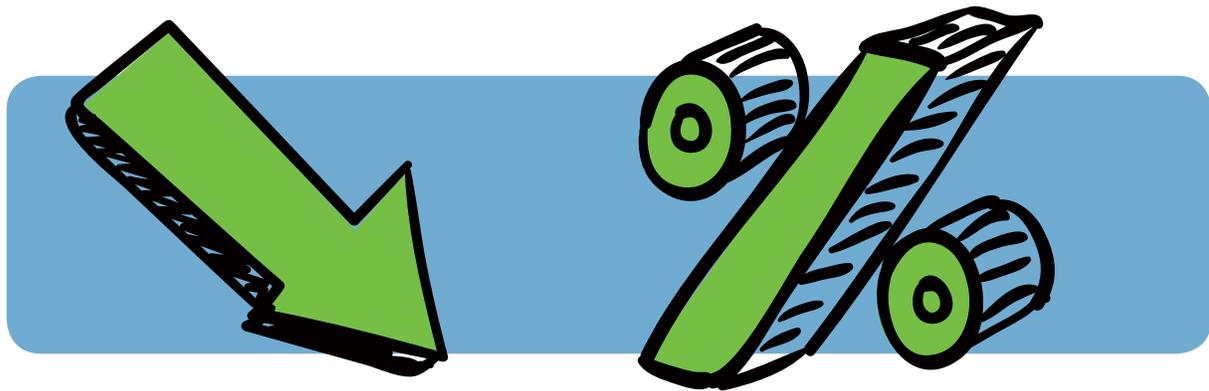
## Time to Refinance?

Would you like more peace of mind by saving more for your family's financial future? Could you use more money in your pocket to make home upgrades, pay off debt or make that next big purchase?

You may not realize it, but you have opportunities to save money with the home you already have. Refinancing your home could increase your cash flow if the right factors align.

Check out these top 5 opportunities that may indicate you should consider a refinance right now:

- 1. Lower Your Interest Rate**
- 2. Adjust the Term of Your Mortgage**
- 3. Get Rid of Private Mortgage Insurance (PMI)**
- 4. Change Your Loan Type**
- 5. Save Funds for Upgrades to Current Home**



## Opportunity #1:

### Lower Your Interest Rate

Have interest rates gone down since you last purchased or refinanced your home loan?

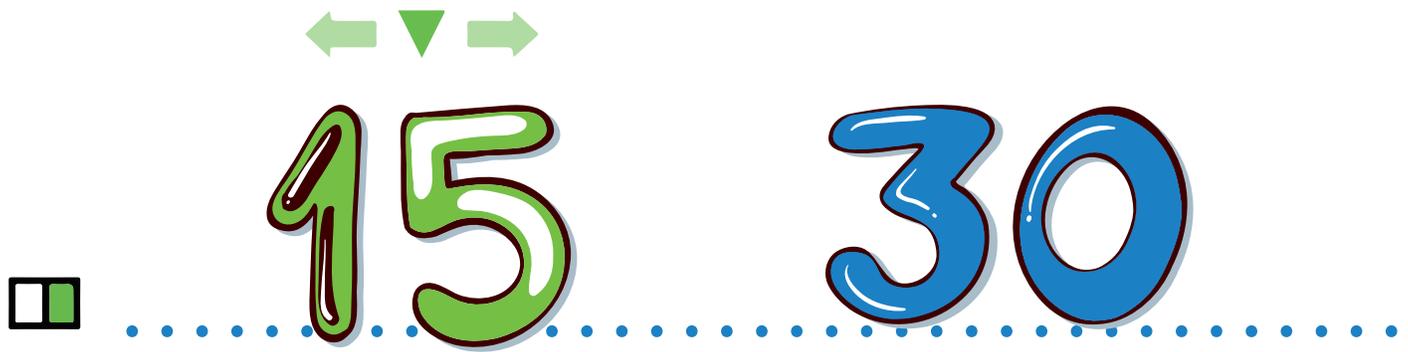
Interest rates are directly tied to how much you pay on your overall mortgage, and lower interest rates mean lower monthly payments. When the terms of your loan stay the same, lowering your interest rate can possibly save you hundreds—or thousands—off your total payment. Check with your loan officer to pull your credit & ensure your score is in the best shape to get your best rate!

Here's a sample of what you could save on a 30-year conventional fixed rate loan of \$180,000 at 5.5% vs. 4.0%.

	Old Loan*	New Loan*
<b>Current Balance/Loan Amount</b>	\$180,000	\$180,000
<b>Term</b>	30 Year	30 Year
<b>Interest Rate</b>	5.5%	4.0%
<b>Monthly Payment</b>	\$1,022	\$859
<b>Monthly Savings</b>		\$162
<b>One-Year Savings</b>		\$1,952
<b>Ten-Year Savings</b>		\$19,520

\* Notes: This assumes at least 20% of equity in the home and a 740 credit score. The interest rate, annual percentage rate (APR) shown are subject to change without notice.

The monthly payment shown includes principal and interest only. Your payment may be higher if an escrow/ impound account is required. Your APR will vary based on your final loan amount. Stated rates and terms are intended as examples only. For a 30 year loan, a \$180,000 mortgage loan with a rate of 5.5% (APR 5.615%) with no points, would have a monthly payment of \$1,022.02 (principal & interest). For a 30 year loan, a \$180,000 mortgage loan with a rate of 4.0% (APR 4.095%) with no points, would have a monthly payment of \$859.35 (principal & interest).



## Opportunity #2:

### Adjust the Term of Your Mortgage

Did you know you can cut the length of your mortgage in half? Moving from a 30-year to a 15-year term saves you money by paying off the loan sooner. You can also save thousands of dollars because interest rates on shorter loans tend to be lower. Your monthly payments may be higher with a shorter loan term, but you pay more toward your principal & spend less over the life of your loan.

Adjusting the length of your mortgage is a great option to maximize your return on investment faster and prepare for owning your home mortgage-free sooner!



Crunch some numbers on the [Mortgage Calculators](#) on our website at: [cfimortgage.com/calculators](http://cfimortgage.com/calculators). Check out the “Early Payoff” Calculator to see how quickly you could pay off your home & reduce the interest you pay by adding additional amounts to your monthly payment.



## Opportunity #3:

### Get Rid of Private Mortgage Insurance (PMI)



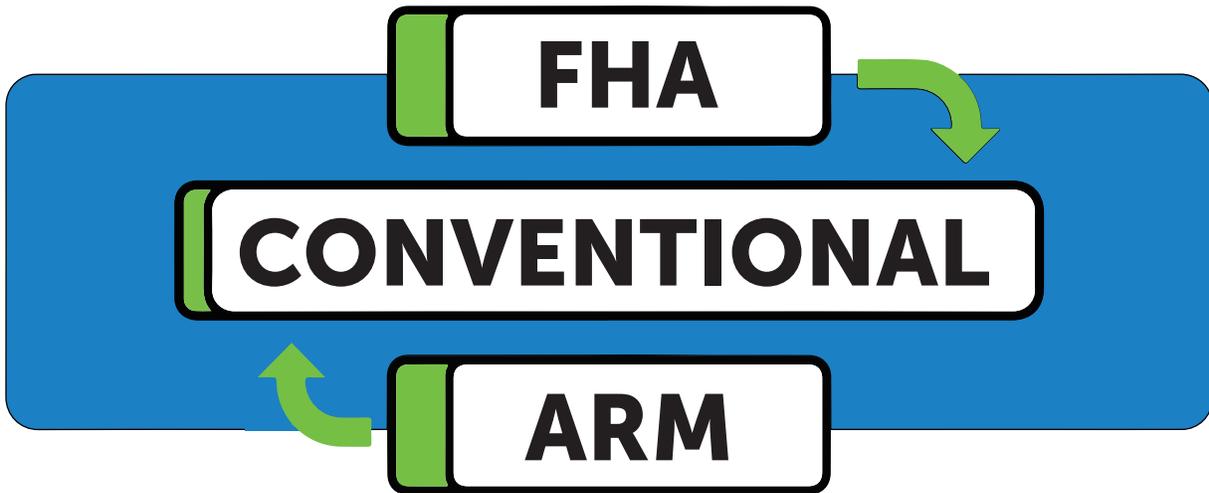
#### What is Private Mortgage Insurance (PMI)?

Also known as PMI, private mortgage insurance is a type of mortgage insurance you might be required to pay if you have a low down payment. PMI protects the lender—not you—if you stop making payments on your loan. Often, you'll pay PMI for the life of the loan if you don't refinance.

Another reason to refinance is to remove private mortgage insurance. If your original down payment was less than 20%, then chances are you're probably paying PMI. You can save a lot of money if your home has enough equity to refinance and get rid of PMI once and for all.

Since home values have risen dramatically over the past few years, you may have enough equity to allow PMI to be dropped. An appraisal will determine the current value of your home. If your loan amount is 80% or less of the current appraised value, say bye-bye to PMI and potentially save hundreds a month!

Source: <https://www.nerdwallet.com/blog/mortgages/pmi-private-mortgage-insurance>



## Opportunity #4:

### Change Your Loan Type

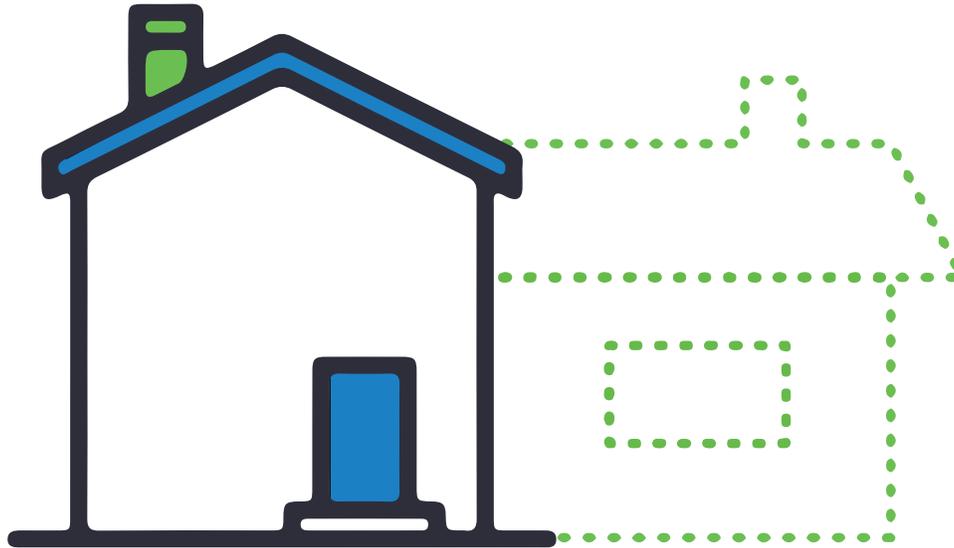
#### *Shifting from an FHA to a Conventional Loan*

If your current home is the first home you purchased, your mortgage may be with the FHA (Federal Housing Authority). Paying premiums for mortgage insurance and other costs are common with FHA loans. With home values continuing to rise, you may want to look into switching from your FHA loan to a conventional loan program.

#### *Shifting from an ARM to a Conventional Loan*

If you have an Adjustable Rate Mortgage (ARM), your payments can change from month-to-month due to adjustments in interest rates.

If you want the comfort and ease of budgeting that comes with a consistent payment each month, then a fixed-rate conventional loan may be a good move for you.



## Opportunity #5:

### You Want to Make Upgrades to Your Home

Upsizing remains difficult due to low inventory. Given this barrier, many people are opting to renovate their current home instead of buying a new one.

If you're thinking of improving your current home, we can help. Instead of looking for a new place, you can stay put and upgrade your home with an addition and a new loan to help finance it over time.

Let's say you bought a house five years ago. The value of your home has gone up and your family has grown. That's all great news, but now you need extra space. We can help you weigh your options so you can decide if it's a better choice to expand your home and avoid a more expensive move altogether.



## Starting a Refinance is Simple:

### So, where do I begin?

Apply, then know what to expect in the process:

- The approval process for refinancing is similar to the mortgage process you went through when you first got your home. We look at everything from your income, assets, credit score, other debts, current property values, and the total amount you want to borrow.
- Refinancing isn't just adjusting the terms of your old mortgage, it's swapping out your existing loan with a new one. Your home will be appraised, your credit will be checked, and changes may occur to your title and homeowners' insurance.
- One important thing you need to know is that you will incur new closing costs unless you choose to finance those into the new loan. In order to know when the costs incurred with refinancing will break even with your savings, review the below example of an original loan rate of 6.0% and uses a \$200,000, 30-year fixed-rate loan at 5.0% with \$2,500 in closing costs.

# How to Calculate the Break Even Point

Current monthly mortgage payment at 6.0%	\$1199
Subtract your new monthly payment	-\$1073
Your monthly savings	\$126
Divide total costs by monthly savings	\$2500/\$126
Number of months it will take to recover costs	19.8 months

**\* Important Notices:**

For a 30 year loan, a \$200,000 mortgage loan with a rate of 5.0% (APR 5.101%) with no points, would have a monthly payment of \$1,073.64 (principal & interest). \* To give you accurate rate, we will require a credit report, and the fee will be collected at that time.

The rate quotes used in this report have the following assumptions: credit score above 740; property is SFR; borrower has sufficient income to qualify

- The interest rates, annual percentage rates (APRs), discount points and rebates shown are subject to change without notice.

- The monthly payment amount shown includes principal, interest and mortgage insurance only. Your actual monthly payment will be higher if an escrow/impound account is established or required. Your APR will vary based on your final loan amount and finance charges.

Closing costs are an estimate and are subject to vary based on the providers and other loan factors. Stated rates and terms intended as examples only.



## Why Not Start Now?

Interest rates are at historical lows, but they can change at any time! If you're still on the fence about refinancing, you can speak with one of our trustworthy loan officers who will give you the answers you need to make a confident choice. With various companies offering similar products and services, we understand it may be difficult to know where to start. That's why our team at Christensen Financial, Inc. is here to help you take the next step in making a well-informed home financing decision that's best for you.

Contact us to figure out what works best for your unique needs. We offer you a **free cash flow analysis** with no obligation. We're dedicated to working with you no matter your current situation. Could the benefits outweigh the costs? Contact us to see.

Call us at **407-410-3069** or visit us online at **[www.cfimortgage.com](http://www.cfimortgage.com)** to apply today and get started.



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THE DEPARTMENT MAINTAINS A RECOVERY FUND TO MAKE PAYMENTS OF CERTAIN ACTUAL OUT OF POCKET DAMAGES SUSTAINED BY BORROWERS CAUSED BY ACTS OF LICENSED RESIDENTIAL MORTGAGE LOAN ORIGINATORS. A WRITTEN APPLICATION FOR REIMBURSEMENT FROM THE RECOVERY FUND MUST BE FILED WITH AND INVESTIGATED BY THE DEPARTMENT PRIOR TO THE PAYMENT OF A CLAIM. FOR MORE INFORMATION ABOUT THE RECOVERY FUND, PLEASE CONSULT THE DEPARTMENT'S WEBSITE AT [WWW.SML.TEXAS.GOV](http://WWW.SML.TEXAS.GOV).

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