REFINANCE *Guide*

Refinancing your existing mortgage offers many benefits. When you choose to refinance your mortgage you are replacing you existing mortgage with a new one - with new terms, conditions and closing costs. A clear understanding of the refinancing process will help you evaluate whether or not it may be a good idea for you. One of our experienced Loan officers can assist you in determining if a refinance is right for you.

STEP 1: PLANNING FOR SUCCESS - If mortgage prices are falling or your home has appreciated in market value, you may consider refinancing your mortgage. Generally speaking, one or more of the following conditions needs to be present before you should consider refinancing your mortgage:

Falling Mortgage Interest Rates

- Mortgage interest rates are falling.
- Your home has significantly appreciated in market value.
- You've been making payments on your original 30-year mortgage for less than 10 years.

In a falling mortgage interest rate environment, refinancing can offer homeowners two potential benefits that can help reduce your total borrowing costs over time:

Rising Home Prices

- Lower your monthly payment while maintaining the same or similar repayment term as your original mortgage.
- Shorten your repayment term while maintaining the same or similar payments to your original mortgage.

If your home has experienced a dramatic increase in market value, refinancing can help you take advantage of the increased equity in your home. For example, refinancing may help you in paying off a high level of consumer debt.

The Early Years of Your Mortgage

Refinancing usually makes the most sense in the early years of your mortgage, when payments are primarily going toward interest. In the later years of your mortgage - as you begin to pay more principal than interest - you may be better off keeping your original loan. Remember, refinancing will give you a brand new mortgage to pay off and will take you back to the beginning of the cycle in which you are paying mostly interest.

STEP 2: ASSESSING YOUR NEEDS - When refinancing your mortgage, you may have the opportunity to take "cash out" of your home equity. To receive a one-time cash payment during the refinancing process, you'll need to get a loan for more than you owe on your principal mortgage balance. Remember that with a cash-out refinancing, you are also increasing your overall level of mortgage debt.
Cash-out refinancing is often used to consolidate high-interest, nondeductible debt. It has the potential to reduce your overall monthly payments because:
In addition, you could use cash-out refinancing for nonrecurring expenses - such as purchasing a car, paying for a wedding or financing an education - that might otherwise require you to borrow funds at a higher nondeductible in rate.

- Your mortgage interest rate is likely to be lower than credit card rates or other types of bank loans
- Your mortgage interest may be tax-deductible, while your credit card interest is not

Consider Your Options

If your home is an important part of your total net worth, consider all your options carefully before taking cash out of its equity. Consolidating debt and then taking on new consumer debt will simply increase your overall liabilities, while potentially giving you a false sense of financial security. If you are considering cash-out refinancing to pay educational expenses, you can take advantage of state and federal education loan programs that also offer tax-deductible interest.

STEP 3: GETTING ORGANIZED - Getting ready ahead of time will help the refinancing process move quickly and smoothly. Take the following steps before you begin.

Review Your Credit History
It's a good idea to understand your credit score and review your credit history at the beginning of the process. Remember: Even if you have less-than-perfect credit, you may still qualify for a mortgage.

Gather Your Financial Records
Premier will require specific records to approve and process your loan. Here's at look at the documentation that you will need to get started.

Consider Your Loan Options
A general idea of the types of loans available will help you determine what loan suits your bets. Your Premier Loan Officer or Account Executive can help you choose the right option.

STEP 4: CONTACT US - Before refinancing your mortgage, speak to Premier Nationwide Lending Loan Officer. He or she can provide you with valuable advice about the refinancing process and help you consider all of your options. Your Loan Officer can help you find the perfect loan to fit your needs, explain mortgage rates and discount points and help you go over all of your financing options.

STEP 5: BENEFITS FOR PREMIER NATIONWIDE LENDING MORTGAGE CUSTOMERS - At closing, your new mortgage documents are signed. Your Loan Officer will help you create a reasonable estimate of how long it will take to complete the whole refinancing process.

Lock In Your Interest Rate
At some point, before closing, you'll need to select a loan type and lock in your interest rate. This will protect you from interest rate increases that may occur during the refinancing process.

STEP 6: THE ROAD TO CLOSING - Getting ready ahead of time will help the refinancing process move quickly and smoothly. Take the following steps before you begin.

Review Your Credit History
It's a good idea to understand your credit score and review your credit history at the beginning of the process. Remember: Even if you have less-than-perfect credit, you may still qualify for a mortgage.

The Closing Process
A team of dedicated experts work together at Premier to deliver great service and ensure that your refinancing is processed quickly, accurately, and efficiently.

- A loan officer will review your information and request any additional documentation that may be required.
- An order will be placed for a property appraisal, a survey of property boundaries, a flood determination, a title search and title insurance.
- The underwriter will review all your information and grant a final approval on your loan.
- Finally, the closing agent will assemble the closing package and ensure that all fees and other closing payments are accurately documented.
- In most cases, the closing agent will establish an escrow account for payment of necessary insurance and real estate taxes.
- As the final step, the closing agent authorizes the mortgage funds for disbursement. Typically, either your closing agent or your loan officer will contact you to schedule a date and time for the closing.