

# SIMPLE STRATEGIES FOR REFINANCING

HOW TO  
REFINANCE  
YOUR HOME  
IN 5 EASY  
STEPS

NJ Lenders Corp.  
Mortgage Bankers  
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If you're not working with an NJ Lenders Home Loan Specialist yet,  
we're happy to connect you with an expert who can help.  
[njlenders.com/pages/apply-now](http://njlenders.com/pages/apply-now) or call 973-890-0005



# Refinancing Starter Kit

## How to Refinance Your Home in 5 Easy Steps

The hardest part of refinancing is often deciding how to start. It's important to have a clear reason for a refinance, so you can be sure of what you want to accomplish.

Refinancing can help you achieve a variety of your financial goals, including the following:

Securing a lower mortgage rate

Reducing your loan term from 30-years to 15-years

Save money for your child's college fund

Put additional resources towards paying off other debts

Retire without worrying about a mortgage payment

Here at NJ Lenders, we're happy to share our knowledge with you. Whether you're looking to refinance your home now or just considering it for the future, we hope these easy strategies can help make the process as smooth as possible.

In this guide, you'll find 5 simple steps for refinancing as well as some extra information to help you know what to expect along the way.

# 5 Steps to Refinancing Your Home

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# STEP 1

## Assemble Necessary Documentation

The first step of the refinancing process is to gather important documents that are commonly requested throughout the home loan process. For your convenience, we've supplied a document checklist in the next section so it's easy to keep track of these important items while you begin assembling information for your Home Loan Specialist, processor, and underwriter.

### Tips for Staying Organized

- Use our document checklist as a guide for gathering important documents
- Ask your Home Loan Specialist for any specific documents you may need based on your unique situation
- Store all documents in a single folder or location  
Determine how documents will be submitted for review
- Send copies of physical documents; keep your original documents in a safe storage place
- Confirm that all documents have been received
- Be sure to only use secure methods when transmitting files with private information



# **STEP 2**

## **Meet with a Home Loan Specialist**

One of the beginning stages of the refinancing process is to discuss your homeownership goals with a trusted Home Loan Specialist. This meeting will help to solidify your reasoning behind refinancing. It's important to recognize that your mortgage is just one piece of a larger financial puzzle piece, which is why we're here to help align your wealth strategy from all angles.

Your Home Loan Specialist will supply you with a loan comparison that includes a detailed and easy-to-understand cost breakdown built with your budget in mind. This comparison is tailored to you, which allows your Home Loan Specialist to directly compare different loan programs and help select the right option for your situation.

When you refinance a home loan, a completely new loan is created, so it's important to make an informed decision during this time.

NJ Lenders will provide you with a Total Cost Analysis, which includes the following:

- A cost breakdown, so you know what to expect at the closing table
- Easy-to-understand loan comparisons
- A glance at APR, interest rates, and monthly payments
- A clear illustration of how to become mortgage-free
- Updates in real-time. Your Home Loan Specialist will make adjustments as needed so you can view your options instantly.

# DOCUMENT CHECKLIST

Before beginning the refinance process, it's important to gather the necessary documents. While these documents are not required prior to receiving a loan estimate, we recommend you begin assembling them as soon as possible:



## Documents required for your home refinance:

- Driver's license(s)
- Your pay stub(s) covering the last 30 consecutive days
- W-2 forms for the last 2 years
- Last 2 months of bank statements
- Most recent mortgage statement(s) for your current loan(s) for all properties
- Hazard insurance information: a copy of your hazard insurance declaration page or provide the name, company, phone number, and policy number for your homeowners insurance
- Copy of current title insurance policy
- Copy of HUD Settlement Statement or Closing Disclosures from your last transaction

## Additional information that may be required:

- Social security card(s)
- If you are not a U.S. citizen, a copy of the front and back of your green card(s)
- Retirement award letter(s) for any social security or disability income
- If you receive child support, alimony, or separate maintenance and wish this to be considered as income, provide proof of receipt for the last 12 months

### Self-employed:

- Personal federal income tax returns with all pages and all schedules for the last 2 yrs
- Business federal income tax returns with all pages and all schedules for the last 2 yrs
- Copy of business license, if applicable

### Assets:

- Last quarterly statement for all listed "other asset" accounts including but not limited to 401k, IRA, stocks and mutual funds

# **STEP 3**

## **Getting an Appraisal**

An appraisal is a required assessment of every mortgage that provides you and your lender with a fair value of the property. Appraisals are always conducted by a licensed third-party professional.

**Here are a few things to consider before your home is inspected:**

- Make a list of all improvements that have been made to the home within the last five years. This does not include regular maintenance, only major updates and upgrade information. If your home is on a well or septic, that information should be shared as well.
- Make sure the appraiser has access to the attic, crawl space, and basement, if applicable. Your entire home will need to be assessed and photographed.
- Do not discuss the value (or expected value) of your home with your appraiser. The appraiser will look at closed transactions and pending sales in the area for comparable sales information.
- The price of your home appraisal is dependent on your location and the type of property. Depending on your loan type and location, you may be eligible for an appraisal waiver. This allows your home value to be determined by property data and analytics alone.

After your appraisal is completed, you'll get a Final Report of Value which informs you of the appraised value of your home.

**FYI:** Depending on your loan type and home location, some mortgages are now eligible for an appraisal waiver. This means instead of going through the appraisal process, some home values are determined by property data and analytics.



# **STEP 4**

## **Loan Approval & Closing Disclosures**

Once your “Clear to Close” has been issued, your lender will begin to draft your Closing Disclosures and official loan documents. It is legally required that you receive and sign your Closing Disclosures at least three business days prior to your closing date.

Be sure to factor in the 3-day requirement when scheduling your closing date. If the Closing Disclosure is not signed before the three day window, you will need to move your closing date to accommodate this timeframe. At this point, a finalized breakdown of closing costs and fees will be provided.



# **STEP 5**

## **Closing Day**

Closing day marks the final step of your refinancing process. While a payment is not typically needed on closing day, it's wise to bring a cashier's check or proof of wire transfer for the exact amount of money you need to close. Closing costs and fees cannot be paid with cash.

Be sure to check with your Home Loan Specialist or title company to confirm the best way to pay your closing costs. Closing usually takes place in an escrow, attorney's, or title office. If requested and allowable, a mobile notary may be provided for an additional fee.



**The following people typically attend the closing:**

- **You and Any Co-Borrower**
- **Closing Agent**
- **Escrow Officer**
- **Your Home Loan Specialist**

# What to Expect on Closing Day



- **Financial Responsibility:** For a refinance, it's unlikely that you will owe any money on closing day. If you do owe anything, the closing agent will list all the money owed. This will also be covered in the final Closing Disclosure as well.



- **Signing:** You will be asked to sign documents stating you agree to the terms of your new loan and sign a note and security instrument. You will then sign a number of affidavits and declarations that legally bind you to the agreed upon financial obligations and your rights as a homeowner.



- **DISTRIBUTING:** This is where all previous loans or debts are paid directly from the title company.



- **Recording:** After all other steps are completed, the deed and security instrument (i.e. a legal document giving the lender a security interest in the property until the loan is paid off) are properly recorded.

Once all documents are signed, you're good to go! You've successfully completed the refinancing process. After closing day, your Home Loan Specialist will continue to check-in with you to make sure your mortgage is still working for you.

Once all the lines are signed, you're good to go! Even after you close, your Home Loan Specialist will continue to reach out to you to make sure your mortgage is working for you.





**NEED MORE INFORMATION?**

Just reach out to your local Home Loan Specialist.

**973-890-0005**

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