

# More Than Just a %

## Refinancing Your Mortgage: FAQ

Refinancing can offer many benefits to homeowners including lower monthly mortgage payments and shortened loan terms.

The money saved each month can be used for many purposes, including personal wealth investment advice and sustainable homeownership. Savings accounts, 401K contributions, paying off debt or investing in home improvements are examples of how you can build wealth.

### **Many homeowners face challenges such as:**

- Understanding your finances and how refinancing is achievable.
- Learning the home refinance process and the key players.
- Trusting financial institutions.
- Understanding the advantages of refinancing.
- Knowing the resources and support available through housing counseling.
- Knowing whether refinancing is right for you.

It's important to evaluate your personal situation and financial goals. Refinancing may help you obtain funds to use toward building your personal wealth.



## Timeframes for Refinancing

### Q1 **If I refinanced recently but the rates are now lower, can I refinance again? What is the recommended time between refinancing?**

A: You should always verify with your lender, but the recommended time is at least seven months before refinancing. This allows six months of payment history at your current rate.

### Q2 **Should I consider how many years I have paid into my mortgage loan?**

A: Yes, it's important to think about your overall investment period and what your purpose is for refinancing, such as debt consolidation or home improvements. You should explore Freddie Mac tools and resources, such as Freddie Mac's [refinance calculator](#), to help understand the best options for you.

### Q3 **How long does it take to refinance? Is there guidance about the timeline?**

A: It's appropriate to ask your lender for an anticipated closing timeframe as it varies by lender.





## Associated Refinancing Costs

### **Q4** Is it always cost-effective to do a refinance? How do I assess if refinancing is right for me?

A: Generally, if refinancing will save you money, help you build equity and pay off your mortgage faster, it's a good decision. Freddie Mac's [refinancing calculator](#) is a great way to determine what's best for you.

### **Q5** How do I calculate the closing costs associated with a refinance?

A. Several factors contribute to the cost of refinancing and closing costs will vary based on many variables. Visit our [Understanding the Costs of Refinancing](#) webpage for additional information.

### **Q6** I saw a refinance ad that stated closing fees would be only \$295. How is that possible?

A: If your lender offers you a "no-cost" or "low-cost" refinance, keep in mind that there is no such thing as a free loan. They may be charging a higher interest rate and rolling the closing costs into the loan — likely costing you more over the life of the loan.

### **Q7** What type of credit check is involved in a refinance? Will it hurt my score?

A: When you apply for a refinance and submit your documents, the lender will check your credit report through the three main credit bureaus: Experian®, Equifax® and TransUnion®. Depending on other factors, your credit score may also be impacted.

### **Q8** What is a mortgage buydown?

A: A mortgage buydown is the process of buying discount points at closing to prepay mortgage interest. Purchasing points can be done when buying a home or refinancing your mortgage to reduce your rate and monthly payment.

### **Q9** Is the fee to buy points fixed or adjusted from lender-to-lender?

A: One point is 1% of your loan amount. The impact buying points has on the interest rate you're offered may vary by lender and loan type. For more information check out our [Discount Points Calculator](#).





## Lenders

### **Q10** What's the best way to select a lender?

A: Shopping around for a home loan or mortgage will help you get the best financing deal. A recommended practice is to explore offers by your current mortgage holder. A mortgage — whether it's a home purchase, a refinance or a home equity loan — is a product, just like a car, so the price and terms may be negotiable. You'll want to compare all the costs involved in obtaining a mortgage. Shopping, comparing and negotiating may save you thousands of dollars. Your lender should be your partner in the process. Read our [6 Tips to Consider When Shopping for a Lender](#) blog for additional information.

## General

### **Q11** Is title insurance required or optional?

A: Title insurance is required for all loans, but whether you need a reissued policy when refinancing will vary by lender and state. You should check with your lender to determine if you need a new policy or if you qualify for a lower-cost option, such as a reissued policy, when you apply for your refinance.