Refinancing

Mortgage solutions built for real life.

STOCKTON MORTGAGE

Stockton Mortgage NMLS 8259
Equal Housing Lender | nmlsconsumeraccess.org
This is not a commitment to lend. Qualifications apply.
See representative for details.For refinance transactions, be aware that by refinancing your existing loan, your total finance charges may be higher over the life of the loan.

What is refinancing?

Refinancing means replacing your current mortgage with a new home loan that has updated terms. Depending on your goals, refinancing may allow you to:

- Lower your interest rate
- Adjust your loan term
- Reduce monthly payments
- Access equity in your home
- Change loan types

Your new mortgage pays off your existing loan and replaces it with financing designed to better fit your current needs and financial situation.

Cash-out refinance vs. rate-and-term

You might hear these terms when exploring refinance options.

Rate-and-term refinancing is useful if your current mortgage has terms that no longer fit your goals.Those goals could be:

- Lowering your interest rate
- Changing your loan term
- Reducing monthly payments
- Switching loan types

This option does not provide cash back from your home's equity.

Cash-out refinancing allows eligible homeowners to access a portion of their home equity as cash. Funds may be used for:

- Home renovations
- Debt consolidation
- Major expenses
- Other financial goals

Your new mortgage replaces your current loan and includes the amount borrowed from your available equity.

What happens during a refinance?

5 simple steps to refinancing

1. **Review your goals**
   Start with a conversation. Your Mortgage Loan Originator will review your finances, discuss your goals, and help you explore refinance options that fit your situation.

2. **Complete your appraisal**
   An appraisal helps determine your home's current market value. Your Mortgage Loan Originator will help coordinate this step.

3. **Processing and underwriting**
   Your loan moves through processing and underwriting while your lender reviews documentation and final loan details. Additional information may be requested during this stage.

4. **Clear to close**
   Once your loan is fully approved, you will receive a clear to close notification. This means your refinance is ready for closing.

5. **Closing day**
   You will sign the final loan documents to complete your refinance and finalize your new mortgage terms.

What will I need?

During the refinance process, your lender may request documents such as:

- Pay stubs
- W-2s or tax returns
- Bank statements
- Homeowners insurance information
- Current mortgage statements

Additional documentation may be required depending on your loan type and financial situation. Your Mortgage Loan Originator will guide you through the process and help explain what is needed each step of the way.

Why refinance?

Lower your interest rate
Interest rates change over time. Refinancing to a lower rate may help reduce the amount of interest paid over the life of your loan.

Shorten your loan term
Refinancing may allow you to move from a longer loan term to a shorter one, such as from a 30-year mortgage to a 20- or 15-year loan. In some situations, monthly payments may stay similar while helping you pay off your home sooner.

Reduce monthly payments
Some homeowners refinance to extend their loan term and lower their monthly mortgage payment. This may help create more flexibility in a monthly budget.

Consolidate debt
If you have built equity in your home, refinancing may allow you to use a portion of that equity to consolidate higher-interest debt. For some homeowners, this may help simplify monthly payments and reduce overall interest costs over time. Debt consolidation is not the right solution for everyone. A Mortgage Loan Originator can help you review your goals and options.

Reduce or eliminate PMI
As home values increase, some homeowners build enough equity to remove private mortgage insurance (PMI). For example, you may have originally purchased your home with an FHA loan that required mortgage insurance. If you now have more than 20% equity in your home, refinancing into a conventional loan may allow you to eliminate that monthly PMI payment.

How much does refinancing cost?

Just like your original mortgage, refinancing includes closing costs. The exact amount will vary based on your loan type, loan amount, property location, and other factors.

In many cases, refinance closing costs may range from approximately 1%–5% of the loan amount. Closing costs may include:

- **Origination fees**
  Fees related to processing and preparing your loan application.
- **Appraisal fees**
  The cost of determining your home's current market value. In some situations, an appraisal may not be required.
- **Inspection fees**
  Certain loan programs may require inspections, such as termite or pest inspections.
- **Title insurance and title services**
  Costs associated with verifying ownership records and protecting against title issues.
- **Mortgage insurance**
  Some loan types, including certain government-backed loans, may require mortgage insurance.

Your Mortgage Loan Originator can help review estimated costs and explain which fees apply to your refinance scenario.

Before you decide

Refinancing is a personal financial decision. The right option depends on your goals, current mortgage, interest rates, and the overall cost of refinancing.
A Stockton Mortgage Loan Originator can help you review your options, answer questions, and determine whether refinancing makes sense for your situation.
Let's explore your options together.

FAQs

Will refinancing affect my credit?
A credit review is typically required as part of the refinance process.

How long does refinancing take?
Every loan is different, but many refinances are completed within a few weeks depending on documentation, appraisal timelines, and loan type.

Do interest rates need to drop significantly to refinance?
Not always. Some homeowners refinance to change loan terms, consolidate debt, remove mortgage insurance, or access equity.

Can refinancing help with home renovations?
In some situations, homeowners may use a cash-out refinance to help finance renovations or improvements.

Ready to explore the numbers?

Use our refinance calculator to estimate payments and explore potential savings.
stockton.com/loan-calculator

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