



Refinancing Your Home: Analyzing Your Options

Many of us have started to think about expenses we will have to make in 2020. From paying off debt to paying for college, you may be analyzing your options about finances in the upcoming new year. For homeowners, there are multiple ways to obtain funds by refinancing your home—even for those with lower credit scores!

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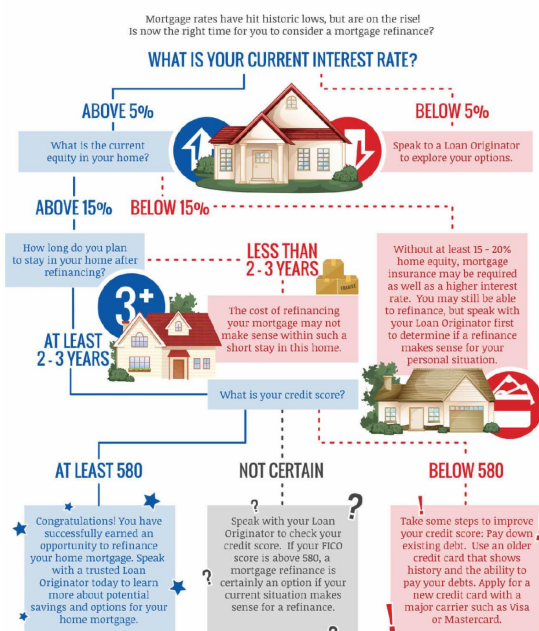
Main Types of Refinance

Refinancing is the process of replacing an existing mortgage with a new loan. People refinance their mortgage in order to reduce their monthly payments, lower their interest rate, or change their loan program from an adjustable rate mortgage to a fixed-rate mortgage.

Additionally, some people need access to cash in order to fund home renovation projects or to pay off various debts, and will leverage the equity in their house to obtain a cash-out refinance.

Regardless of your goal, the actual process of refinancing works much in the same way as when you applied for your first mortgage: you'll need to take the time to research your loan options, collect the right financial documents and submit a mortgage refinancing application before you can be approved. The most important factor in your decision should be how long it takes to recoup the costs to refinance. If you expect to remain in your current home beyond the length of time it will take to recoup the costs, then it's a good idea to consider refinancing your mortgage.

SHOULD I REFINANCE MY MORTGAGE?



Have Lower Credit? You Still Have Options!

Your credit score greatly affects you when you are buying or refinancing your home. According to Experian, a bad credit score is considering anything below 670; credit score scales range from 300 to 800. A score between 580 and 669 is considered fair, and one between 300 and 579 is poor. Even with lower credit scores, there are still several home refinancing options to consider:

- 1) Make your application more attractive to lenders by highlighting qualities that prove you are responsible. For instance, if you've been at the same job for a decade, you may want to emphasize this.
- 2) Show that you have savings in the bank-be sure to draw attention to this when making our case for a refinance. If you have an emergency fund , you'll have the means to repay your loan in the event of an emergency.
- 3) Consider finding a family member or close friend with good credit who can co-sign the loan with you. Just remember that if you fall behind on your loan payments, that affects the co-signer's credit score as well.
- 4) You may be eligible for government refinancing programs such as the Home Affordable Modification Program (HAMP), the Home Affordable Refinance Program (HARP), or an FHA streamline refinance. The latter simplifies the refinance process by lowering the amount of paperwork needed by applicants . Lenders will check credit before approving you for a streamline FHA refinance loan. Most expect applicants to have a credit score of at least 640, but you may be able to qualify with a credit score as low as 600.

The Law Office of Sital J. Shah, Esq. is here to help!

Be sure to mention this newsletter to receive a discount of your refinance at the Law Office of Sital J. Shah, Esq.! We are happy to help with any questions or concerns you may have about refinancing your home!