

Refinancing

What is refinancing?

When you refinance, you're paying off an existing loan and replacing it with a new one. Homeowners often choose to refinance in an effort to get a lower interest rate and have a lower monthly payment.

At Virginia Housing, our approved lenders will work with you to refinance your original Virginia Housing mortgage into a brand new one with new loan terms, interest rate and monthly payment amount. Refinancing through Virginia Housing does not include any cash-out options or home equity lines of credit, and just like your original mortgage, there are costs associated with refinancing.



Refinancing methods through Virginia Housing

As part of the refinancing process, you should identify the Virginia Housing loan product used for your current mortgage, since that will determine the refinancing method. You can find out by logging into Virginia Housing's secure portal, Customer CareNet, at VirginiaHousing.com/Serviceing.

If you have an eligible Virginia Housing mortgage, it can be refinanced one of two ways: traditional or streamlined.

Traditional Method:

- Must meet certain eligibility requirements: minimum credit score, income limits, maximum loan amount limit, and a home appraisal.
- Non-Fannie Mae loans (such as FHA or Rural Development) may be refinanced into a Fannie Mae loan through this method.

Streamlined Method:

- It doesn't require you to have a minimum credit score, but it does require a minimum age of your mortgage and on-time payment history.
- You can refinance a Virginia Housing FHA loan through the FHA Streamline Refinance or a Virginia Housing VA loan through the VA Interest Rate Reduction Refinance Loan using this method.

VirginiaHousing.com/FindALender.

After identifying the loan product used for your mortgage, the next step is to find an approved Virginia Housing originating lender. They will help explain the eligibility requirements for refinancing, determine if you qualify, and facilitate the paperwork to get the refinancing application approved. To find a Virginia Housing-approved lender in your area, visit VirginiaHousing.com/FindALender.

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Important questions to ask your originating lender:

Once you've identified an approved Virginia Housing originating lender to work with, you'll want to discuss the refinancing process and your options with them.

- **What happens to my Mortgage Credit Certificate (MCC)?**
If you refinance your original Virginia Housing mortgage, you can no longer use your MCC.
- **I have a second mortgage. Do I have to pay it off if I refinance?**
It depends. The second mortgage could be paid off, it could be included in the refinanced mortgage, or it could remain as is. Be sure to discuss your second mortgage with your approved Virginia Housing originating lender.
- **Will the terms of my original mortgage change once it's refinanced?**
Typically, the terms of your original mortgage will be replaced by the terms of your new refinanced mortgage. Like your original mortgage, your refinanced mortgage may include compliance requirements, such as paying mortgage insurance.

I've been making payments towards my original mortgage for almost 10 years of the 30-year term. Does that mean my refinanced mortgage will be for a 20-year term? Generally, you'll receive a new term when you close on your refinanced mortgage. The term of your refinanced mortgage is typically 30 years; however, after refinancing, the term may vary depending on the type of Virginia Housing loan originally used.

- **When I refinance my mortgage, can I add someone or remove someone?** It will vary depending on the type of Virginia Housing loan product used and the reason. Discuss your situation with your originating lender so they can advise you of your options.
- **Are there costs involved in refinancing my original Virginia Housing mortgage?** Typically, homeowners encounter many of the same closing costs to refinance their mortgage as they did when they bought their home. Refinancing your loan could cost thousands of dollars and those costs would need to be weighed against any benefits you would get from refinancing. Talk to your lender about your options and how lender credits could help offset some of those costs.
- **I receive some offers in the mail that appear to be from Virginia Housing.** How can I tell if these are legitimate and whether they are right for me? Virginia Housing doesn't mail refinancing offers to customers. Be sure to review all offers you receive with your approved Virginia Housing originating lender.
- **Should I refinance if I know I want to sell the home within the next few years?** You'll want to discuss your reasons for wanting to refinance and your future plans with your approved Virginia Housing originating lender. They can help you determine if now is the best time for you to refinance. Due to the typical costs involved with refinancing, most homeowners choose to include these costs in their refinanced mortgage, which results in a higher loan balance. The higher balance may eat into the equity that has built up in the home, which may impact a sale in the near future.

For more information, visit: VirginiaHousing.com/Homeowners, VirginiaHousing.com/Serviceing