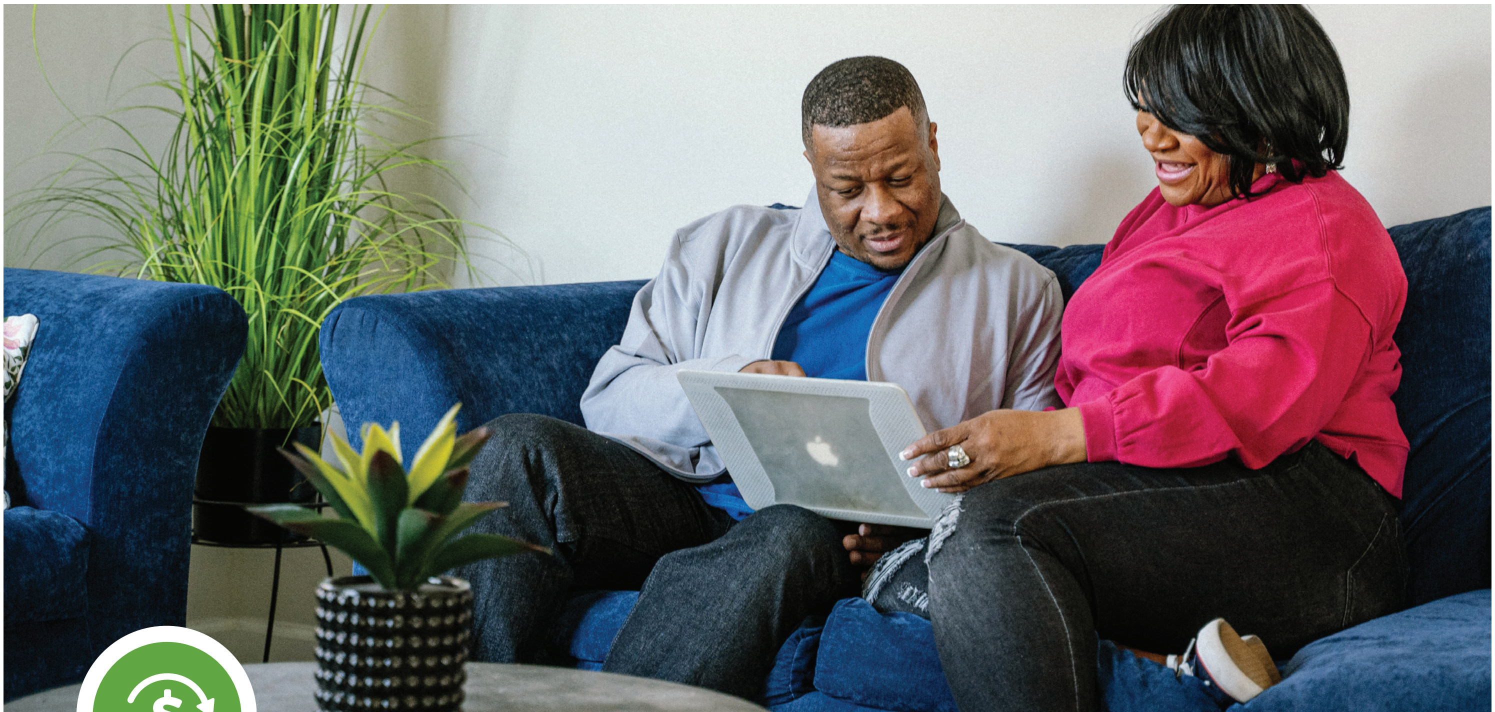
INHP



MAINTAINING YOUR INVESTMENT

UNDERSTAND YOUR REFINANCE OPTIONS

Changing the terms of your current mortgage — by your choice — is called refinancing. This guide will help educate you on its purpose and explain situations when this may make sense for you.

INSIDE YOU WILL LEARN:

UNDERSTANDING MORTGAGE REFINANCING

Refinancing your mortgage is similar to the process you experienced if you financed the purchase of your home. You simply receive a new loan.

BENEFITS OF REFINANCING:

- Lower your interest rate or monthly payment
- Shorten the length of your loan
- Switch to another type of mortgage
- Access equity you've built in your home

WHAT IS EQUITY?

EQUITY IS THE DIFFERENCE BETWEEN HOW MUCH YOUR HOME IS WORTH (BASED ON APPRAISAL) AND WHAT YOU OWE ON YOUR HOME.

TYPES OF REFINANCING AVAILABLE

Various refinancing options are available that allow you to change your loan terms, lower your interest rate or both. Be sure to shop around and speak to different lenders so you can understand your options, compare benefits and make an informed decision.

	Description	Primary benefits and examples
RATE & TERM/NO CASH OUT	*Change your interest rate, length of payments or type of mortgage. You will not receive any equity that you have built in your home.* *Note: There are costs associated with this option, but the loan amount may be large enough to cover closing costs depending on the amount of equity.*	*If you want to change an adjustable-rate mortgage (ARM) to a fixed-rate mortgage and do not want to receive any cash-out, you might consider this option for refinancing.*
CASH OUT	*Borrow more than you owe on your home and receive a check for the difference after closing. Typically, you cannot receive more than 80% of your home's worth in cash so lenders ensure you still have 20% equity in your home.*	*The primary benefit of this option is to access some of the equity in your home while changing your interest rate and/or term, but it does create a larger loan amount than you initially had.*
LIMITED CASH OUT	*Take out some of the equity you have accumulated from your home and refinance for a slightly larger loan amount because closing costs and other expenses are added to the new loan. The limited cash-out amount received will not be higher than 2% of the new loan amount or $2,000, whichever is less.*	*Borrowers with limited funds may consider using this refinance option to finance the closing costs.*
CASH IN	*If you did not put 20% down on your home when you bought it, and you still have not accumulated this much equity, you deposit a large sum of money into your new loan to reach 20%, resulting in a smaller loan. This may help to eliminate private mortgage insurance (PMI).*	*This option will decrease your loan to value ratio (LTV) and reduce the amount you owe on your home.*

No matter which option you choose, make sure you review the terms of your new loan to understand all the fees and costs associated with refinancing. Your monthly payment may increase depending on the terms.

THE REFINANCE PROCESS

When you apply to refinance your home, your lender will seek important information from you.

Lenders may have eligibility requirements, such as:

- Having a certain amount of equity in your home
- Having a certain credit score
- Having a certain debt-to-income ratio, which is determined by looking at your personal financial picture. See **Additional Required Information**.

Lenders will also need an appraisal of your home to assess your loan-to-value (LTV) ratio. The LTV determines the equity in your home and is calculated by dividing the amount owed on your home by the appraisal amount. Typically, the higher the loan-to-value ratio the higher your interest rate will be.

Additionally, approximate closing costs for refinancing may range between 3-6% of the principal balance. See **Associated Costs** for more information.

IS REFINANCING A GOOD IDEA?

It is considered a good idea to refinance your current mortgage **if you can reduce your interest rate by at least 2% or save more than $100 on your loan payment** and you plan on staying in your home long enough to cover the costs of refinancing.

STEPS TO REFINANCE:

It can take 30 to 45 days to go through this process and reach closing.

1. Determine your refinance goals

2. Shop multiple lenders to find out what is available to you.

3. Make your decision and gather needed documents to apply.

4. Apply for your refinance option with the lender.

Now your lender will review your finances and lock in your new rate.

5. The lender will order an appraisal to find your home's value.

6. Close on your new mortgage loan

ASSOCIATED COSTS

There are often costs associated with refinancing, some of which may be:

- **Application fee:** $75 - $500
  Amount changes depending on the lender and may be required upfront
- **Credit report fee:** Varies
- **Appraisal cost:** $300 - $400
- **Origination fee:** 1 - 1.5% of principal balance
- **Title search and insurance:** $500 - $900
- **Other closing costs:** 2-3% of the principal balance

ADDITIONAL REQUIRED INFORMATION

Your lender may require you to provide personal financial documentation when you apply, such as:

- Employment information
- Access to credit report
- Bank statements
- Tax returns
- Pay stubs
- Debt documentation
- Information about your current mortgage
- Explanation of recurring or unsourced bank deposits. (Venmo, Apple Pay, Zelle, etc.)

REFINANCE THROUGH INHP

If you have limited equity in your home or less-than-perfect credit, INHP may be able to make your mortgage payment more affordable and sustainable. Our special refinancing, called Affordable-Rate-Exterior-Appraisal (AREA), offers eligible homeowners a below-market interest rate and a nontraditional appraisal process.

PROGRAM HIGHLIGHTS

- Competitive 10- to 30-year fixed-rate mortgage
- Does not require Private Mortgage Insurance (PMI)
- Does not require an independent home inspection
- Home value determined by an exterior-only appraisal or an automated valuation model (AVM)

MINIMUM ELIGIBILITY REQUIREMENTS

- Reside in Marion County
- Have history of on-time mortgage payments
- Earn up to 120% of the area median income (AMI)
- Own the home and have lived in it as primary residence for at least 12 months
- Have a minimum 550 credit score

To be considered for INHP's AREA Refinancing, homeowners must meet the above minimum eligibility requirements. INHP also wants each client to benefit financially from this program. Applicants will be required to complete a net tangible benefit (NTB) worksheet to document what changes will improve their financial situation.

Even if you've been late on a mortgage payment, you may still qualify for INHP's AREA Refinancing.

FREQUENTLY ASKED QUESTIONS

Can I consolidate debt when refinancing?
A cash-out refinance option may help homeowners who are looking to consolidate debt.

What are the cons of refinancing?
If you are not decreasing your interest rate, monthly payment or loan term, then refinancing your mortgage may not be the right option for you.

Can I refinance if I have a second mortgage on my home?
Yes, you can refinance, but your new loan has to be in the first position. This is done with a subordination agreement or by paying off the second mortgage through refinancing. If you do need a subordination agreement, your lender will order it for you.

INHP®

INTERESTED IN REFINANCING? REACH OUT TO A MORTGAGE LOAN ORIGINATOR OR FILL OUT A CONTACT FORM AT INHP.ORG/REFINANCE