

Mortgage Basics: Refinancing

Descriptive Transcript

[Text: Commerce Bank. Mortgage Basics. Part 4: Refinancing. The speaker presents from a bank setting.]

Refinancing your mortgage means you replace your existing home loan with a new home loan, usually at a term that better fits your current needs.

But before you submit an application, there are some steps you should take.

Consider your situation.

Is your financial situation or credit score similar or better when you first purchased your home? You may be able to qualify for lower interest rates.

[A couple stands together on the porch outside their new home. Then, the lady of the house enjoys a cup of coffee while sitting on the staircase steps.]

Reflect on your goals.

Different types of loans fit different needs.

Do you want to lower your monthly payment or access home equity? Pay off your loan faster or switch from an arm to a fixed rate loan? Your lender can help you choose the best rate and term for you.

[In the home office, the gentleman of the house checks out mortgage options on his laptop.]

Finally, do the math. It might take a while to break even where your monthly savings exceed the cost to refinance.

[Text: Fees and closing costs can be 1 to 3% of the loan amount.]

When you're ready, your Commerce mortgage banker can help you get started and answer any questions.

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