

# > John Q. Client Refinance Worksheet

- **Client Goal: To pay the least amount in interest charges**

Current Mortgage Information	
Loan Origination	June 1, 2003
Loan Amount	560,000
Interest Rate	6.00%
Term	360
Monthly Payment (Principal & Interest)	3,357
Taxes (Estimate)	-
Insurance (Estimate)	-
<b>Total Monthly Payment Amount</b>	<b>3,357</b>
Current Loan Balance	490,625
Estimated Current Value of Home	800,000

Refinance Option 1 (National Average) 20 yr fixed @ 5.5%	
Loan Origination	July 1, 2011
Loan Amount	494,625
Interest Rate	5.50%
Term	240
Monthly Payment (Principal & Interest)	3,402
Taxes (Estimate)	-
Insurance (Estimate)	-
<b>Total Monthly Payment Amount</b>	<b>3,402</b>
<b>Monthly Savings:</b>	<b>(45)</b>
<b>Total Interest Savings:</b>	<b>70,428</b>
Assumes closing costs of \$4,000 rolled into loan	
Assumes no points.	

Refinance Option 2 (National Average) 20 yr fixed @ 4.30%	
Loan Origination	July 1, 2011
Loan Amount	417,000
Interest Rate	4.30%
Term	240
Monthly Payment (Principal & Interest)	2,593
Taxes (Estimate)	-
Insurance (Estimate)	-
<b>Total Monthly Payment Amount</b>	<b>2,593</b>
<b>Monthly Savings:</b>	<b>764</b>
<b>Total Interest Savings:</b>	<b>186,993</b>
Assumes closing costs and loan pay down are paid in cash. Assumes no points.	



## John Q. Client Refinance Summary

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- Because of the size of the clients loan, a refinance would be considered a “Jumbo Loan”. A result of having a Jumbo Loan is a higher interest rate.
- The options we looked at only consider 20 year fixed rate mortgages. Since the clients goal is to save the most interest, it does not make sense to extend the term back out to 30 years when currently there are 22 years remaining.
- Option 1 will save the client roughly \$70,428 in interest charges over the life of the loan. However, because the term has been shortened, the monthly payment will increase by \$45.
- Option 2 has the client "pay down" their mortgage to \$417,000. This is the maximum a loan can be without being considered a "Jumbo Loan". As a result, the interest rate is much less.
  - » With this option, the client would be saving roughly \$764 per month on their payment, and over the life of the loan would save a total of \$186,993 in interest charges.



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