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Home Mortgage Refinancing 2010-2011: 5 Key Facts to Know Before You Refinance

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To the average consumer, lower interest rates generally mean a reason to refinance. But not many people know that these rates are inversely correlated with the stock market. Hence, as long as the stock market is down, interest rates will continue to remain low. Accredited investors take advantage of an efficient market. Well, how do you take advantage of a down market? The following five facts are a must read for anyone looking to refinance their current home mortgage in 2010-2011.

1. The Home Appraisal Scenario: The number one reason I see nowadays of home refinance loans being rejected is that the appraisal of the clients home didn't come back up to par. Basically, for lenders to refinance your home, your loan to value ratios must be 80% or better. This simply means that you must have at least 20% equity in your home. Otherwise, lenders will not refinance your current mortgage.
2. Choosing the Right Lenders: There are hundreds of lenders who would love to have your business. Make sure that you SHOP your loan scenario around. The most effective way to do this is to contact a mortgage broker who has contacts with hundreds of lenders, as they will be your best bet to attaining the best rate. These professionals will fight for your business and help you throughout the entire process
3. Digging up your Documents- Make sure you have all necessary documents before you shop around for our loan. This includes a copy of your current mortgage statement, HOA documents, your last two pay stubs, your last two years of tax forms, verification of employment forms, and a copy of your social security and ID cards. If you don't have these items, it will be impossible to refinance your home loan
4. Choosing the Best Rates- The most sensible rates out there for "refi-ers" are for 30 year fixed programs. These rates are at all time lows and it makes sense to get locked before rates rise. Did you know that the rates for a 10 year fixed are the same for a 30 year? You should get yourself locked in and consider it a wise investment that will yield you dividends in the form of savings for many years to come
5. Paying No Closing Costs- Have you heard of a "no cost refinance." Well, some mortgage brokers will charge you absolutely nothing if the rates are right. You can negotiate yourself into a no cost refinance but it will cost you the best possible rate. It is advised that you run the numbers with your friendly neighborhood mortgage broker and find a scenario that best suits your needs.

So, before you consider refinancing, please check the value of your home. Make sure to choose the right mortgage broker who has contacts with various lenders. Also, make sure to dig up your past documents and opt for the best rate and terms available. And lastly, shop, shop, shop for a no-cost refinance. Paying \$0 for a refinance is beautiful. We can make it a reality. Please see our website and we can walk you through the refinance process and help you with all five steps listed.

Umair Kabani is a licensed real estate broker and mortgage loan officer in California and currently works with Ocean Mortgage/A-Z Investment Corp in San Diego. His objective is to educate the public on real estate and lending practices in California and provide as much knowledge to his clients as possible before they proceed to purchase and finance real estate. Please visit <http://www.homerefinancefast.com/> for more details.

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