##### [00:00:00.310] - Speaker 1

Let's get into what refinancing is and what goes on. When you refinance the property, you are replacing the original lienholder with what in theory should be better terms and conditions. An important thing to consider is whether you want to lower your monthly payments or get more aggressive about paying the loan off, which would raise your monthly payments but save you money in interest. In addition, you could also look at refinancing and pulling cash out of your property to leverage the assets that you own. When refinancing, there are very specific guidelines that have to be followed.

##### [00:00:33.650] - Speaker 1

Fannie and Freddie have rules about what kinds of loans they will pay, and we also have Texas cash out rules. Texans have to advise by for a cash out refinance. The first rule is that once you do a cash out, you cannot refinance your property for a year. You can only go up to an 80% loan value. So unless you have a lot of equity in your property, there are not a lot of options for cash out refinances in Texas, it is still an option if you have been on something for quite a while.

##### [00:01:04.330] - Speaker 1

When comparing a cash out refi to a traditional refi, rates will always be higher on a cash out over. All, the rules that apply to purchasing a home are the same rules that apply to your refinance, so you'll want to treat the entire process. The same things you should try to avoid during a refinance include making large purchases. If you can wait until after you've refinanced to spend large amounts of money, don't pay off your credit cards all at once, intending to raise your score. In refinancing, it could take up to 45 days, maybe more, to be reflected on your credit report.

##### [00:01:39.460] - Speaker 1

So it's important to be prepared in advance. And last, try to avoid changing jobs again. It's best just to hold off until you've closed the deal. You may wonder what else you can do to further advance your chances. When looking to refinance.

##### [00:01:54.900] - Speaker 1

The first thing that I tell my customers is to educate yourself on the value of the market. On top of this, it is also useful to know your debt to income level. Debt to Income looks at and compares the percentage that your monthly obligations are of your gross income. Depending on the underwriter we're working with, requirements can range from 39% to 50%. While this is a process with very specific guidelines, we hope that we've provided a better understanding of what those guidelines are and what other steps you can take to refinance.

##### [00:02:27.730] - Speaker 1

Give us a ring and we'll be happy to help you.