

Refinance Counseling Overview

Why Refinance Counseling?

Minnesota state law requires homeowners paying off a special mortgage to receive counseling. A special mortgage is defined as a residential mortgage loan originated, subsidized, or guaranteed by or through a state, tribal, or local government, or nonprofit organization, that has one or more of the following nonstandard payment terms:

- (i) payments vary with income
- (ii) payments of principle or interest are not required or can be defined under specified conditions
- (iii) principle or interest is forgivable under specified conditions
- (iv) no interest or an annual interest rate of two percent or less

What is Refinance Counseling?

During the counseling session you can expect to discuss the following:

- Purpose of the proposed refinance
- Advantages of the special mortgage
- How to determine if you can refinance without paying off the special mortgage
- Comparison of existing mortgage(s) and the proposed mortgage(s).
- Benefits and costs of refinancing

What do I need to take with me to Refinance Counseling?

- Information about the proposed mortgage:

(*Note:* Your lender will provide you with this information when you submit a loan application)

- Truth-in-Lending Disclosure
- Good Faith Estimate
- Monthly payment, details about whether or not taxes and insurance are included in the monthly payment
- Term (ex. 30 year mortgage)
- Interest rate [if adjustable rate mortgage (ARM) provide details of how and when it adjusts]
- Appraisals (if completed)
- Projected closing date
- Loan officer name and contact information

What do I need to take with me to Refinance Counseling? (Continued)

- Income verification (ex. check stubs)
- Copy of a recent credit report (if available)
- Existing mortgage(s) information (Note: If you have more than one mortgage, you will need to provide this for each)
 - Copy of the most recent monthly statement
 - Lender/servicer name
 - Term (ex. 30 year mortgage)
 - Interest rate [if adjustable rate mortgage (ARM), provide details of how and when it adjusts]
 - Monthly payment (include details about whether or not taxes and insurance are included in the monthly payment)
 - Pre-payment penalty details (sometimes you will incur a fee if you pay off your mortgage early)
 - Payoff amount (amount needed to entirely payoff your loan)

Note: Most of the information about your existing mortgage(s) is on the note, mortgage and Settlement Statement (Also known as the HUD-1) so the counselor may ask you for copies of these documents.

How much does Refinance Counseling Cost?

Organizations may charge for Refinance Counseling. Please ask how much when you set up an appointment.

How do I find an Approved Refinance Counselor?

Organizations that are a part of the Minnesota Home Ownership Center network are authorized by Minnesota state law to provide this Refinance Counseling. Please contact the Minnesota Home Ownership Center to find an organization in your area.

For additional information speak with a Housing Counselor in your area by contacting the Minnesota Home Ownership Center today: 651-659-9336 or 866-462-6466 or www.hocmn.org