



Refinancing Checklist for Housing Counselors

This checklist is designed to help housing counselors guide clients through the process of refinancing their current mortgage.

Client Refinancing Checklist for Housing Counselors

1. Evaluate Client's Goals and Motivation for Refinancing Determine the client's primary reasons for refinancing.	☐ Why does the client want to refinance (e.g., lower monthly payment, reduce interest rate, change loan term, cash-out for other expenses)? ☐ What benefits does the client expect from refinancing? ☐ What is the client's short term and long-term goals? ☐ Who is the client's current lender, and do they want to stay with them or find a new lender?
2. Review Current Loan Terms and Assess Financial Situation Determine if it makes sense for the client to refinance now based on their current financial situation.	☐ What type of mortgage does the client have (e.g., FHA, Conventional, VA, etc.)? ☐ How many years are remaining on their current mortgage? ☐ What is the current balance on their mortgage and how much equity do they have? ☐ What is their current interest rate compared to the refinance rate? ☐ Are there any prepayment penalties on their loan? ☐ What is the client's credit score and general credit health? ☐ What is the client's debt-to-income ratio? ☐ Have there been any recent changes in their financial situation?
3. Explore Loan Options, Market Conditions, and Calculate Savings and Costs Review available options and assess client's cost savings.	☐ What are the best options based on the client's goals and market conditions? ☐ What are the costs of refinancing, and what is the break-even point? ☐ How will refinancing impact the client's financial situation (e.g., will they save money, shorten the term, extend the term, get a better interest rate, take money out for home repairs)? ☐ What options are available if the refinance is declined?
4. Explain the Refinancing Process, Requirements and Follow-up Make sure clients understand the process and follow-up to determine outcome.	☐ Does the client understand the refinancing process? ☐ Does the refinancing option selected require an appraisal? ☐ Does the client understand the right of rescission option if they decide they don't want the new mortgage? ☐ Remind the client to review all documents before signing and to ask questions about any unclear terms or fees. ☐ Is the client's first payment scheduled, and do they understand the new loan terms? ☐ Does the client have any questions or need additional assistance?
5. Identify Potential Risks and Red Flags Discuss possible pitfalls and scams	☐ Warn the client about high closing costs, prepayment penalties, or unusual loan terms. ☐ Caution the client about lenders guaranteeing a loan. ☐ Discuss the risks of cash-out refinancing if used for non-investment expenses (e.g., luxury items). ☐ Discuss potential tax implications.
6. Additional Resources	• Link to the refinance webinar • Hud.gov Single Family – FHA refinancing • CFPB • Freddie Mac • Fannie Mae • Rural Development • VA