

# Lufthansa Employee Federal Credit Union

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## Refinancing Worksheet

*Should you or shouldn't you refinance your mortgage: That's what this simple to use worksheet will help you determine using the following formula:*

1. Current Monthly Mortgage Payment \$ \_\_\_\_\_

2. New Monthly Mortgage Payment \$ \_\_\_\_\_

3. Monthly Savings \$ \_\_\_\_\_

4. **Total Refinancing Costs** \$ \_\_\_\_\_

(Don't forget to include **everything** in your costs, including points, legal fees, credit check inspections, etc.)

5. Break-even Point (in months) \_\_\_\_\_

(Divide Line 4 by Line 3. This is how many months it will take to recoup refinancing costs) .

6. Future Time In Home (in months) \_\_\_\_\_

(Example: If you plan to live in your home for three more years, enter 36 months)

Solution: If Line 5 is larger than Line 6, it's probably not worth it for you to refinance. However, if Line 6 is larger than Line 5, you should seriously consider refinancing your home mortgage.

7. **Total Savings (Loss) to Refinancing** \$ \_\_\_\_\_

### **Example**

Using the worksheet, here is an example of what a homeowner would save if he refinanced:

**Scenario:** A homeowner is now paying a mortgage of \$1,200 per month. If he refinanced, the new mortgage payment would be \$1,000 monthly, for a savings of \$200 each month. His refinancing charges would come to \$1,800. That means it would take nine months before the homeowner would break even. Since this individual plans to live in the home for at least three more years, subtract the time it takes to break even from the anticipated stay and this homeowner could save \$5,400, which makes refinancing a very attractive option. (The \$5,400 savings = \$200 a month in savings x 27 months, the length of time in the home after the break-even point).

1. Current Monthly Mortgage Payment \$1,200

2. New Monthly Mortgage Payment \$1,000

3. Monthly Savings \$ 200

4. **Total Refinancing Costs** \$1,800

(Don't forget to include **everything**, including points, legal fees, credit check, inspections, etc.)

5. Break-even Point \_\_\_\_\_

(Divide Line 4 by Line 3. This is how many months it will take to recoup refinancing costs.

6. Future Time In Home (in months) \_\_\_\_\_

(Example: If you plan to live in your home for three more years, enter 36 months)

7. **Total Savings (Loss) to Refinancing** \$5,400