The Refinance Decision Worksheet

Three numbers that tell you if it's worth it.

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The framework

Refinancing isn't about chasing the lowest rate — it's about whether the savings outrun the cost before you'd move or pay the loan off. Three numbers settle it.

1 · How much will I save each month?

Subtract your estimated new payment from your current payment. Compare apples to apples — use the full PITI payment on both sides, not just principal and interest.

2 · What does it cost to refinance?

Refinancing has closing costs too, typically 2% to 3% of your loan balance. Your lender's Loan Estimate spells them out line by line.

3 · How long until I break even?

Divide the cost by your monthly savings. The answer is the number of months it takes for the refinance to pay for itself.

The rule of thumb

If you'll stay in the home longer than the break-even period, refinancing usually makes sense. If you might move or sell before then, you'd likely lose money on the deal.

Break-even (months) = Closing costs ÷ Monthly savings

Your numbers

Fill this in by hand. Pull your current payment from your monthly statement, and ask any lender for a Loan Estimate to fill the right column.

	Your current loan	New loan estimate
Loan balance		
Interest rate		
Years remaining		
Monthly principal & interest		
Monthly PITI payment		
PMI / MI? (Y/N + amount)		

Now do the math

Monthly savings (current PITI − new PITI) ____________________ /mo

Estimated closing costs (loan balance × 2.5%) ____________________

Break-even (closing costs ÷ monthly savings) ____________________ months

Will you be in the home longer than your break-even number?

☐ Yes — a refinance likely pays off.

☐ No — think twice before refinancing.

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Beyond the math

The break-even number is the heart of the decision, but a few real-world wrinkles deserve a look before you commit.

- Don't refinance just for a quarter-point drop unless the cost is near zero. A tiny rate cut rarely beats thousands in closing costs.
- Cash-out refinancing is a different question. You're trading equity for cash, which can make sense for the right purpose — but it raises your balance and payment.
- Watch the reset to a fresh 30-year term. A lower rate spread over more years can still cost you more total interest. Ask to keep your remaining term where it counts.
- Dropping PMI can be reason enough. If your equity has reached 20%, refinancing to shed mortgage insurance can pay off even without a big rate change.
- Streamline refinances are easier. FHA, VA, and USDA streamline programs skip much of the documentation and sometimes the appraisal — worth asking about if you qualify.

FROM DEBBIE

Bring me your worksheet and your current statement, and I'll run the real numbers with you — no charge, no pressure.

Run it with me
Email questions@mortgagemomradio.com, start at portal.jmj.me/lo/dmarcoux, or call (844) 935-3634.