

# Mortgage Refi Calculator

## Is it time for you to consider refinancing your mortgage?

Rates are still near historic lows, but we don't know how long this will last. This means you need to **act now** in order to **take advantage** of **this opportunity** to refinance your mortgage and **free up cash flow**, and save up to hundreds of thousands of dollars over the life of the loan.

**What you do with that cash flow is up to you.** But the three obvious options I recommend is to: **(1)** use the savings to aggressively pay down your mortgage early, **(2)** if your disciplined enough you can increase your monthly investments, or **(3)** just save the money in the bank while you wait for opportunities to invest it at bargain prices (i.e market corrections).

At some point rates are going to start reverting back to the mean (i.e. we will see much high rates). Nobody knows how much longer rates will be down at these levels. **Don't miss this window of opportunity of a lifetime to save thousands and possibly hundreds of thousands of dollars.**

## Still not convinced?

Let me share our refinance history to show you how we were able to save \$10,000/year with two refinances within an 18-month period (**that's \$300K over a 30 year period, its not chump change**).

[Use the **FREE** calculator below to see how much money a refinance will save you]

## Mortgage #1 [Original Mortgage]

We bought our house in February of 2014. We paid \$370,000 and financed \$355,000 of that purchase price. Since we only put about 4% down, we ended up with an FHA loan (at a 3.75% interest rate) that cost us \$6,000. We didn't have much in the way of closing costs since our agent was a family friend and did the deal pro bono, and Mrs. GYFG is in the escrow business (so we got the escrow done for FREE 99). After everything was said and done we were responsible for about \$1,500 in closing costs on top of the \$6,000 for the FHA loan (\$7,500 total).

We had no intention of keeping the FHA loan, but at the time it was our best option in order to get into a house ([which was a huge savings in itself](#)). Our goal was to refinance out of that loan within a year in order to remove the 1.35% PMI. The main reason for us to refinance was to free up cash flow to plow back into the mortgage in order to reach our [7 year goal of being mortgage free](#). You may have this same desire kill the mortgage early, or you may want to free up cash flow in order to increase your monthly investment capital.

So, 8 months after closing, we refinanced our mortgage into a 5/5 ARM to remove PMI and free up cash-flow to put towards the principal and keep us on track to pay the mortgage off at an accelerated pace.

*Note: I should point out that although we did pay a \$6,000 premium for going with an FHA loan, this resulted in a \$900/month savings vs. what we were paying for rent at the time.*

## **Mortgage #2 [Refinance #1]**

As much as we hated to go with an FHA loan, it was really the only option we had based on what we were willing to put as a down payment at the time. However, the plan was always to refinance out of the FHA loan as quickly as possible, if only to save the 1.35% we would have to pay in PMI for the life of the loan (these requirements have since changed).

Within 8 months of taking out the first loan we found the opportunity we had been looking for to refinance our loan to remove PMI without 20% down. We joined a credit union that was offering a 5/5 option ARM at 3.625% with **zero** origination fees and **zero** points. We would be able to get this refinance done for about \$1,000.

**Incremental Investment = \$1,000**

**Free Cash Flow = \$438.13/month or \$5,257.56/year**

**Annual Cash on Cash Return = 526%**

Where are you going to find those kinds of returns? If you wanted to create the same free cash flow in the financial markets, earning say 8% per year, you would need to invest \$65,720.

## Mortgage #3 [Refinance #2]

We have since refinanced again into a 3/1 ARM at 2.25%, which has freed up an additional \$400/month. We were not really looking to refinance per say, but with market volatility heating up and rates dropping, it got us curious. At first we considered [refinancing our investment condo](#), but found out that we could not for various reasons that I will not go into here (we plan to revisit this in early 2017 and will plan to free up about \$300/month in cash flow).

Then we wondered what a refinance would look like on our house. Specifically a cash-in refinance. Since we didn't yet have an 80% loan to value (LTV), we would need to bring money into the deal. This time we decided to go with a 3/1 ARM that again was through the same credit union and the cost would be \$1,000. The loan itself was **zero** origination and **zero** points with a starting interest rate of 2.25%. This time it was going to require that we bring in \$21,000 in order to get the 80% LTV.

**Incremental Investment = \$22,000**

**Free Cash Flow\* = \$382.11/month or \$4,585.36/year**

**Annual Cash on Cash Return = 21%**

You can read the detailed post about this refinance [here](#). Or you can read our full refinance story in [this post](#). Lastly, see everything I have written on mortgages [here](#).