



The EAP
is a **free** service
for you and your
eligible family members.

All EAP services are
**completely
confidential.**

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Refinancing in Today's Market: Replace Your Current Mortgage

Today's economy and struggling real estate market pose challenges for many homeowners. For those facing adjusting rates, increased mortgage payments, decreased equity, or reduced income; refinancing a mortgage or home loan is one good way to solve some financial worries. With property values falling and companies tightening their belts or even laying off employees, there's no better time to make sure your mortgage meets your current budget and long-term needs.

What Is Refinancing?

When you refinance, you get a new mortgage to replace your existing mortgage. Because you're getting a brand new loan, you usually have to pay title insurance and escrow fees, lender fees, points (optional), appraisal fees, credit reporting fees, and any amounts needed to bring your insurance and tax obligations up to date.

Why Refinance?

Homeowners refinance for many different reasons, but here are some of the most common ones, all at play in today's real estate market.

Refinancing can save money by lowering your interest rate. If the interest rate on your current mortgage is higher than the current market rate, you'll pay less by refinancing.

Refinancing allows you to change loan types. For example, if you have an adjustable rate mortgage, your monthly payment may increase when the rate adjusts. You might want to switch to a fixed rate mortgage, which has a stable payment.

Refinancing can lower monthly payments. Even if your interest rate doesn't decrease, a refinance can lower your monthly payments by starting a new loan term. For example, if you took out a 30-year, fixed-rate mortgage for \$300,000 10 years ago, you may only owe about \$250,000 now.



But if you refinance into another 30-year, fixed-rate mortgage for \$250,000, you'd have a full 30 years to pay it off, which means each monthly payment will be smaller. (Had you kept your old loan, you'd finish paying it off in 20 years.) The downside of lowering your monthly payments is that you'll pay more interest overall.

Refinancing can help you get cash. With a "cash-out" refinance, you take out a new mortgage for more than you owe on your current mortgage, then walk away with the difference. A cash-out refinance is harder to get these days, although many homeowners did cash-out refinances to finance home improvements in the past few years. (An alternative that's usually cheaper overall, but requires you to make higher monthly payments, is a home equity loan or home equity line of credit). To do a cash-out refinance, you need significant equity in your home, because the bank probably won't lend you more than the house is worth.

Who Can Refinance?

If you have sufficient equity, you can refinance. A new lender will consider the same factors your original lender did: your income, debt-to-income ratio (how much of your monthly income is spent paying off debts other than the mortgage), your home's value, your home's equity, and your credit score. If your income has been reduced since you purchased, your home's value has plummeted, you've assumed a lot of new debt, or your credit score has gone down, you may find it difficult to refinance, or you'll at least pay more to do so.

The lender will likely require you to have the house appraised. The purpose of the

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appraisal is to make sure that the value of your home is greater than the loan amount. If you default on the loan and the lender forecloses, it wants to know it can sell your house for more than the existing loan balance.

Special Challenges in Today's Buyers' Market

Refinancing these days is harder than it once was, for a few reasons. Many borrowers have difficulty refinancing because they have insufficient equity, mostly because the value of their properties has dipped below what they owe on the mortgage. Compounding this problem is the fact that in recent years, lenders and mortgage brokers offered creative financing strategies that allowed buyers to finance 100% of the purchase price.

In those situations, even if buyers have paid down the mortgage, they still have little equity. And today, lenders are more strict about how much they'll lend, usually requiring refinancers to have at least 5-10% equity in the home.

Another problem is that lenders have tightened lending standards for "stated income" loans. With stated income loans, borrowers don't have to provide independent verification of their income. Instead, the amount they can borrow is based on the income they claim to have.

These loans were intended for people who had a hard time verifying income, such as the self-employed. But in recent years, some borrowers used stated income loans to artificially inflate their income to qualify for bigger mortgages. Without increased income or equity, these borrowers will have a hard time qualifying for more traditional refinance mortgages for the same amounts.

Refinancing Help for Housing Crisis

You may need help to refinance in this difficult market. Congress and the Obama administration have recently made it easier for some homeowners to refinance through the following programs.

FHA Secure. Even if you don't qualify for a traditional refinance mortgage, you may be able to qualify for a program sponsored by the Federal Housing Administration (FHA) called FHA Secure. FHA Secure is available to borrowers who have defaulted on their ARMs when their interest rates reset.

To qualify, you must have good credit and at least 3% equity or cash in your home. (That means you can qualify if you've paid off at least 3% of your mortgage, even if the property's value has dropped.) To qualify, your interest rate must reset between June 2005 and December 2008. Borrowers must have a history of stable payments prior to their loans resetting. For more information, visit the FHA website at <http://portal.hud.gov> (click on FHA Secure).

The HOPE for Homeowners Act. In 2008, the federal HOPE for Homeowners Act was enacted to help refinance their currently unaffordable variable rate mortgages into affordable 30-year fixed rate mortgages insured by the Federal Housing Administration (FHA), if their lenders agree to participate. For more information, see *Mortgage Refinancing to Avoid Foreclosure: The HOPE for Homeowners Act*.

The Homeowner Affordability and Stability Plan. Most recently, the Obama administration introduced a plan to help some homeowners refinance or obtain lower mortgage payments.

Shopping for a New Mortgage

If you're considering refinancing with a new lender, talk with a mortgage broker about your options. Get all your paperwork in order, such as paystubs, W-2s, and bank statements. If you're worried about your credit score, check it before speaking with a broker -- he or she can more realistically help you explore your options. Whether or not you use a mortgage broker, be sure to shop around for the best deal when you refinance.

When Paying Closing Costs Makes Sense

If you'll have to pay closing costs, check to see if the refinance will pay for itself in the reduced interest rate you'll pay.

Your calculations will tell you three important things. First, you'll find your new monthly payment amount, which will hopefully be lower. You'll also find your "breakeven point": how long it will take you to work off the initial closing costs by saving on interest each month. If you think you'll stay in your home for less time than it takes to reach your breakeven point, the refinance definitely isn't worth it. Finally, you'll find out the total interest you'll owe.

Starting over with a new mortgage term (most likely 30 years) means adding several months or years to your payment schedule. The more time you take to pay, the more interest you'll owe in total. If your main objective is to lower your monthly payments, you may want to refinance even if it means you'll pay more interest over the long term. If you can later afford to increase your payments, you can refinance again, or simply pay extra to reduce the principal on your current loan.

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Lack of Sleep and Your Immune System

Squeaking by on a few hours of zzz's doesn't just make you feel wiped out, it can also make you more susceptible to cold and flu. "Getting adequate sleep helps the body to be rested and prepared to fight infections," says Jonathan Rich, DO, a physician with Mercy Medical Center in Baltimore.

Lack of sleep increases your chances of developing many conditions such as depression, diabetes, and obesity. Everyone needs different amounts of sleep, but most adults should average seven to nine hours per night.



Secrets for Finding Happiness at Work

The type of work you do, your title or your salary has very little to do with whether you are happy at work. Self-esteem and believing you deserve to be happy do.



“Self-esteem is the first key to finding happiness on the job,” says Denis Waitley, Ph.D., speaker and coauthor of several books on personal and career success, including *The Joy of Working*. “Self-esteem is a deep-down feeling in your soul of your own self-worth. Individuals who enjoy their work develop strong beliefs of self-worth and self-confidence regarding everything they do.”

Setting and achieving goals that are important to you are a necessary part of developing self-worth. “I advise people to chase their passions, not their pensions,” Dr. Waitley says. “People who are working for their salaries alone become slaves to their work. People who are involved in what they’re doing, who put their signature on everything they do, find satisfaction and happiness on the job.”

Wake up happy

“Optimism is a learned attitude,” Dr. Waitley says. “If you start thinking positively early in the day, you’re more likely to maintain a positive stance as your day progresses.” To have a happier morning: Wake up to music instead of an alarm. Begin your day by saying something positive to your spouse, your children or the first person you see.

Positive self-talk

“The role of positive self-dialogue in maintaining a positive attitude has been well-documented,” Dr. Waitley says. “And it’s been found to be most effective if you put it in the present tense.”

Dr. Waitley begins his day with these affirmations: “This will be a good day.” “I’m going to take steps today that will move me closer to my goals.”

Here are other ideas from Dr. Waitley:

- Always greet your co-workers and your boss with a smile. “As simple as it sounds, a smile establishes your own self-worth and shares it with others,” Dr. Waitley says.
- Turn dilemmas into opportunities. To do so, examine your most pressing problems on the job. Then, to gain a better perspective, come up with solutions as if you were advising one of your best friends.
- Stay away from pity parties or gripe sessions. Joining in may feel like worker solidarity, but it’s actually climbing aboard a sinking ship. Instead, find happy and successful role models to pattern yourself after. Surround yourself with people who enjoy their work.
- View change as normal. Constantly monitor and evaluate your capacity to be flexible, open to new ideas and adaptable to change.
- Be persistent in visualizing your ultimate goals and dreams of achievement. Constantly practice positive self-talk and keep a positive attitude when times are tough and your perseverance needs bolstering.
- Don’t let trifles bother you. “If the effort it takes to change something far exceeds its worth, forget it and learn to live with it,” Dr. Waitley says. “Keep your mind free to concentrate on larger issues and problems.”
- Don’t make too much of your mistakes. They are part of being human. Concentrate on the lessons to be learned from even the most trying confrontations.
- Set your own standards rather than comparing yourself to others. Successful people run their own races.
- Appreciate each moment of your working day. If the work gets boring, use your powers of visualization to see yourself succeeding in your goals.
- Discover a sense of purpose. Knowing why you want what you want makes the difference between success and failure, happiness and unhappiness, joy and frustration.
- Expect the best from others; that includes your boss, co-workers and subordinates. “Be a leader in spreading encouragement and praise,” Dr. Waitley says. “You’ll be surprised how people will live up to what you expect when you share your positive expectations.”

Krames Staywell

7 Ways to Allergy-Proof Your Home

Stick to a regular cleaning schedule. It's especially important to stay on top of cleaning when allergies are a concern. Be sure to wipe surfaces with a damp rag rather than dry dusting, which often just brushes dust back into the air.

Keep your home heating and cooling system clean. A monthly filter change is critical if you're sensitive to dust. New electrostatic filters contain fibers that create a mild charge to attract dust particles, pollen, dander, mold and mildew spores and other airborne allergens more effectively than old-style paper filters.

Try a duct-cleaning service. Hire a reliable company to clean dust and dirt from your air duct system.

Update your vacuum cleaner. Use allergen approved bags (slightly more expensive) or choose a newer bagless vacuum cleaner with HEPA filtration. Some vacuums deposit dust directly into a water filled canister.

Cover mattress and pillows. Zip on dust mite covers to protect your sleeping area. If you have kids, be sure to get covers for their mattresses and pillows, too.

Reduce mold exposure. Clean bathrooms frequently and run the exhaust fan during and after showering. Fix leaky faucets, or any other plumbing leaks. Invest in a dehumidifier if the basement or some other area of your house tends to be damp or you live in a high humidity climate.

Limit the areas of your home where your pet is allowed, primarily the bedroom and the bed. Washing your pets once a month and regular brushing will reduce dander and shedding.

Krames Staywell

How to Use Your EAP

When help is needed call 800-433-2320. The intake counselor will ask for your name, employer and a brief description of your presenting concern. If an emergency exists you will be given immediate assistance. If your situation is not an emergency, you will be offered telephone assistance and/or in-person sessions to complete an assessment and make a referral for treatment if needed.

Meetings with your counselor are completely confidential. Your employer will not know you have used the EAP. No one will be provided any information about you without your written consent. Exceptions would occur only in the event of you being considered dangerous to yourself or someone else.

At the first appointment you should be prepared to give the counselor some background information to assist in formulating an action plan. Many people find it helpful to prepare a list of things they wish to discuss at each session.

For Assistance Call: 800-433-2320

Or Text: 503-980-1777

www.cascadecenters.com

March is Red Cross Month

The **American Red Cross** demonstrates the power of human compassion and embodies the capacity for kindness and generosity of this great nation.

This month, we honor the men and women of the American Red Cross. They exhibit the spirit and character of America by serving others.

Since its founding in 1881, the American Red Cross has helped millions of individuals overcome the effects of natural disasters and emergencies. It plays an important role in our communities by helping maintain the blood supply, offering programs for youth and the elderly, supporting members of the military and their families, and promoting health and emergency preparedness.

The humanitarian mission of this organization extends around the world. It is committed to helping improve the prevention and treatment of diseases. It is working to strengthen community health programs in developing areas of the world. These efforts help save lives and show the strength and generosity of America.

We are grateful for the work of the volunteers and staff of the American Red Cross. During this month, we pay tribute to all those who have answered the call to serve a cause greater than self and have offered support and healing in times of need.

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