



Things to avoid when refinancing your home

Refinancing with your existing lender without shopping around. There is a general misconception that it is easier to refinance with your current lender. Your existing lender may not have the best rates and programs, and they will require the same documentation as other companies. Even if you have made all your mortgage payments on time, your existing lender will still have to verify assets, liabilities, and employment again. Connexus anticipates all of your refinancing needs and understands the desire to stretch your dollar and ease your mind.

Not doing a break-even analysis. Determine the total cost of the transaction, then calculate how much you will save every month on principle and interest. Divide the total cost by the monthly savings to find the number of months you will have to remain in the property to break even. For example, if your transaction costs \$2,000, and you'd save \$50 per month by refinancing, you would break even in 40 months. In this case, refinancing would only be practical if you planned to stay in your home for at least 40 months.

Please note that this is a simplified break-even analysis. If you are considering switching from an adjustable to a fixed loan or from a 30-year loan to a 15-year loan, the analysis becomes more complex. We are happy to help analyze these possibilities for you at Connexus.

Signing documents without reviewing them. Whenever possible, review in advance the documents you'll be signing. The documents you'll sign are standard forms and are available for your review. At Connexus, we close mortgages throughout the United States and are here to help you with any questions about the refinancing process.

Not providing documents to Connexus in a timely manner. It is best to provide any requested documents immediately because any delays in the process could be costly.

Not getting a rate lock in writing. When a mortgage company tells you they have locked in your rate, get a written statement detailing the interest rate, the length of the rate lock, and program details.

Pulling cash out of your credit line before you refinance your first mortgage. Many lenders have cash-out seasoning requirements. Pulling cash out of your credit line for anything other than home improvements will cause the refinance to be considered a cash-out transaction. This usually results in stricter requirements and is occasionally a deal breaker.





Getting a second mortgage before you refinance your first mortgage. Many mortgage companies look at the combined loan amounts (first and second loans) when refinancing the first mortgage. If you plan on refinancing your first loan, check with your mortgage company to find out if getting a second mortgage will cause your refinance transaction to be denied. There are many programs that allow you to apply for both a first and second mortgage at the same time.

