

# AVOID THE REFI TRAPS

A Little Preparation Goes a Long Way

## **The Automatic Payment Trap**

It can take up to two weeks to have automatic payments canceled. If your payments are made this way, be sure to turn it off before closing. You don't want to pay for the same month twice!

## **The Missed or Late Payment Trap**

Believe it or not, lots of people think they don't have to keep making payments once they apply to refinance. Missing a payment could damage your credit and even preclude closing. Just be careful regarding your very last payment, as it should be made in time to assure it's credited toward your payoff balance.

## **The Tax Escrow Trap**

The funds in any existing escrow account will typically be held until after the current loan is paid off. Since this money will not be available at closing, you need to be able to establish a new escrow account and/or pay any upcoming taxes from savings or the new loan proceeds.

## **The Insufficient Funds Trap**

The tax escrow trap can contribute to this, and so, too, can many other factors. For example, a low appraised value could limit your loan amount. As many loans are set up to cover all closing and escrow funds, it's important to know that any necessary or unexpected adjustment could change the cash to close requirements accordingly.

**We want you to be aware of these potential pitfalls before they have a chance to occur. Of course, we will work with you and on your behalf to prevent and avoid them. Reach out whenever you have questions, and we'll be happy to help.**

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