

10 Tips for a Smart, Smooth Refi

Let's say you've done the math and decided it's time. Here's how to make refinancing go your way.

1 Shop around

It's easy to go to your current lender, which might even offer special rates to existing customers. But consider exploring other options for rates, points, and fees. If you're short on time, hiring a broker might be worthwhile, despite the added cost, directly or indirectly, especially if it helps you avoid missing out on refinancing.



2 Protect your credit score

The higher the score, the lower your interest rate. Lenders check it when you apply, and often again right before you close, so hold off on opening new accounts and new debt of any kind.

3 Correct credit errors fast

If simple errors on your credit report are hurting your FICO score, or you've paid off a major debt and your report doesn't reflect it yet, ask your lender about "rapid rescore." Corrections or updates will be made in a matter of days instead of weeks or months.



4 Lock in your rate

Too many borrowers wait and hope that rates will go down even more, only to watch them go up. It's hard to catch it just right. The main thing is to end up better off than you started.

5 Hold off on renovations

Taking cash out for home improvements? It might be tempting to jump in now, but don't! If the house is too ripped up, it won't appraise well and your lender won't close on the loan.

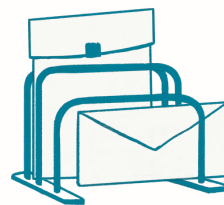


6 Be available to your lender

This isn't the time to go on vacation or do a digital detox. Lenders have more paperwork to do these days, so an open line of communication is more important than ever.

7 Pay attention to escrows

There are various ways to close your old escrow account and fund the new one. It's usually best for you to get the money back and pay into the new account yourself.

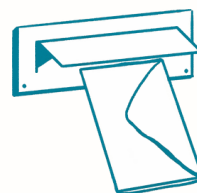


8 Watch out for fees

Make sure no stray fees get rolled into the loan, with the result that you'll pay many years' worth of interest on them.

9 Confirm no prepayment penalties

They're nice for the bank, but not for you. You want the right to pay off your loan early, so triple-check this! Penalties are often indicated with a tiny checkbox that's easy to miss.



10 Back out if it feels bad

When you refinance with a new lender or tap your home equity ever (whether by cash-out refi or home equity loan), federal law gives you three days after closing to cancel the deal. Learn more about this "right of rescission" and how to exercise it at the [Consumer Financial Protection Bureau](#).



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