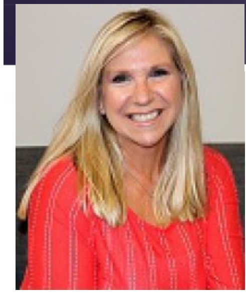

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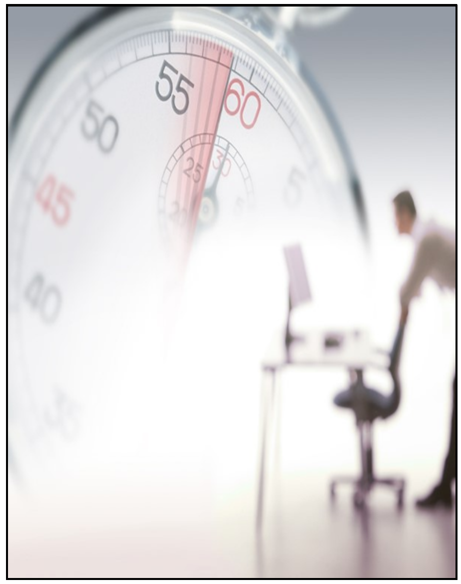
Interest Rates

When is the Best Time to Lock?



When it comes to mortgage loans and interest rates, it's never a good idea to gamble. That's why I typically advise my clients to lock in an interest rate at the earliest opportunity. This is just one step of the standardized system we have put in place to ensure the best possible loan experience for each borrower that we work with.

While you *can* float until just before closing, it's usually not a good strategy due to these fluctuating factors:

- Interest Rate
- Points or fees
- Length of the lock

Locking in a rate does not obligate the borrower to commit to the loan until the loan is actually closed. The lock is merely a security measure designed to eliminate the risk of market volatility throughout the duration of the purchase or refinance transaction. As long as the loan is approved and funded before the end of the lock period, the borrower will receive the interest rate quoted.

When a lender permits an extended lock-in period, the borrower will likely face a higher interest rate or additional fees that could be quoted as points. In other words, the borrower pays for the lender to take on the extended risk of being exposed to potential changes in the market.

For example, let's say a 30-day rate lock commitment costs the borrower one-half point, while a 60-day rate lock commitment costs one full point. If the borrower in this scenario needed the extended lock period, but did not want to pay points, then an alternative would be to accept a slightly higher interest rate. In this case, a 60-day lock would typically have a higher interest rate than a 30-day lock.

If you'd like to learn more about the loan programs we have available, please call me!