



08/04/2008

It's a good time to lock in your mortgage rate

Mortgage mogul Freddie Mac reported last week that rates dropped on a 30 year mortgage to 6.52%, and to 5.27% on a 15 year mortgage.

Bankrate.com surveyed a panel of analysts, including analysts from Lendingtree.com, Weiss Research, and United Mortgage Capital Corp., who expect rates to go up in the next six weeks.

With interest rates on the rise, it is financially smart for homebuyers to lock in a sensible rate when they find one and save considerable amounts of cash. Today's mortgage market is very fickle and experts say if buyers see a good deal they should snatch it up.

Steve Habetz, a veteran mortgage broker, told CNNMoney.com that if homebuyers "hear of a rate that seems to be much better than the rest of the market, get it in writing and lock it in". Interest rates during the housing boom averaged between 5.5% and 6.5%; the need to lock in a rate wasn't as urgent even when the market fluctuated. With rates the way they are now, it is wise to lock in.

With rates expected to rise, locking in now would mean a lower rate for most borrowers. Locking in now will not only save borrowers money, it also provides peace of mind and alleviates some of the uncertainty of financing a home purchase. Knowing the borrowing rate allows homebuyers to determine exactly what their expenses will be several weeks before closing.