



Advantages and Limitations of Mortgage Quotes

When you need a home loan, shopping around for mortgage quotes can save you lots of time and money. Instead of actually visiting lots of lenders, you can sit at home and get several quotes online from the comfort of your own home. The entire quote shopping process can be finished within an hour or so. You can also get mortgage quotes over the phone when you have all the pertinent information ready for lenders. After you find several possible lenders and get several quotes, you need to know what the rates mean to you. While mortgage quotes can be helpful in the loan process, there are limitations to them that affect the rates you are promised.

Advantages of Mortgage Quotes

There are many ways that mortgage quotes can help you in getting a great home loan. First, as mentioned above they can save you a lot of time when you search online. You can do this after work or on weekends when normal lenders' offices are closed.

Also, by asking around with several different lenders, you can find out what interest rates are available to you and pick the best one offered. By dealing with more than one lender, you can make sure your rate is the most competitive on the market. You make lenders compete for your business by asking around for rates. If you take the time to search the possibilities thoroughly, you will be much less likely to have regrets about the interest rate you receive.

Another great benefit of getting several mortgage quotes is that along with giving you an interest rate estimate, most lenders will also give you an approximation of how much home you can afford. For example, based on your current debt, income, and credit history, a lender will be able to tell you the largest loan amount they will be willing to lend you. This can be a great help as you start shopping for a home because you will know which houses are within your price range.

Limitation of Mortgage Quotes

While a mortgage quote can be a helpful tool in securing the best home loan, there are limitations to the usefulness of these estimates. One such limitation is that mortgage quotes are only good within a certain time limit. Because mortgage interest rates are tied to overall economic activity, they change constantly and lenders can only pledge you a rate for a short amount of time. So once you find the quote that best fits your needs, you will have to act fast in finding and making an offer on a home to secure the promised rate. If you do not find a house in time, you may have to settle for a higher interest rate.

Another constraint to mortgage quotes is that they do not generally include the other fees you will pay in connection with the loan. You will typically have to pay for closing costs, home insurance, property taxes, and private mortgage insurance, which together can add up to several thousand dollars at the close of your loan. When getting quotes from lenders you should also ask them to give you an estimate on how much all of the other fees will cost. This will give you a more accurate budget in buying a home.

Finally, mortgage quotes are not guarantees. They are simply lenders' best guesses about the cost of your loan based on information you provide. There are several situations where you might not end up getting the interest rate you were quoted. For example, if you provide any



inflated or incorrect data about your credit, income or financial history, your lender may have to give you a higher rate. Or if there are problems with the home you choose, like being located in a high crime area, or being worth less than you promised to pay the seller, the lender could require a higher rate, or even refuse to lend you the money at all.

When you shop around for the best mortgage rate, be sure to get all the facts of what the rate entails. Once you know what the rate means in terms of closing costs and other fees, as well as the limitations of the quoted rate, the mortgage quotes will be much more useful to you and can assist you in finding the right loan and interest rate for you.