



4 Key Interest Rates Questions That Could Save You Money

The mortgage process can be complex, and with interest rates on the rise, there are more questions than ever. As you plan for your next home purchase, knowing what to ask your lender could help you save big in a changing market.

Don't have a mortgage professional? Give me a call—I have a great referral for you!



Can I buy down my mortgage rate with points?

A borrower can often secure a lower interest rate by buying discount points for a one-time fee. A buydown can also happen when a seller makes initial payments toward the mortgage to reduce the interest rate (often in exchange for a higher purchase price). When rates are rising rapidly, it's a good idea to ask if this option makes sense for you.



Would an ARM be a good fit for me?

An adjustable-rate mortgage, or ARM, is a loan where the interest rate fluctuates over time. Often, banks offer low introductory rates on ARMs. ARMs also allow borrowers to take advantage of falling interest rates without having to go through the refinance process. The disadvantage is that ARMs make it hard to plan, since rates may increase further.



When can I lock in my interest rate, and how long will the lock last?

Borrowers can often secure a guarantee from a lender to keep an interest rate at its current level for a certain time period. This rate lock protects against fluctuations in the market between making an offer and closing. You might also be able to lock in your rate during the preapproval phase. If your closing is delayed, you can usually pay a fee to secure more time.



What's the difference between a prime interest rate and my interest rate?

Banks use prime interest rates to determine rates for mortgages, lines of credit, and even credit cards. Each bank has its own prime interest rate, based on the federal funds rate. You can usually negotiate for better terms than the prime interest rate if you have a good credit rating, strong down payment, and/or low debt-to-income ratio.