

CONSUMER TIPS TO LOCK INTEREST RATES

As the latest refi housing boom began in 2002, many consumers who chose a short term adjustable rate mortgage (ARM) at that time, now are at the point where the initial rate is expiring. Now those consumers might be looking to select another financing program. Some consumers should consider an adjustable rate or a fixed-rate based on their individual financial circumstances. When consumers are deciding which program best fits their individual financial needs, consider the following points about rate locks:

- Other names for a lock-in are rate-lock or rate commitment.
- Always get the lock-in agreement in writing, and fully understand how your lock-in works.
- A lock-in can prevent increases in your interest rate while you are waiting on the loan application to be approved.
- Make sure you understand how your lock-in agreement works, and keep records of the lock-in agreement you created with the originator in case of a dispute.
- There are many different time lengths in which you can lock-in an interest rate. Some of these limits are 30 to 60 days (which is the most common) and some could be as small as 7 days, or as long as 120 days.
- The longer the time length, the larger the fee. Also, find out how much it will cost to lock-in the interest rate.
- Always ask for a blank copy of the lock-in and look over it. It might also help if you present it to a lawyer or to a real estate professional for review.
- Always look for a lock-in with the lesser amount of contingencies.
- Work with a licensed mortgage professional who is a member of the CTAMB.