



Florida Association of Mortgage Brokers Offers Consumers Tips to Lock Interest Rates

When the latest refi housing boom began in 2002 many consumers opted for one of the short term low rate adjustable rate mortgages (ARM's) being offered at that time. Now many of these borrowers are at the point where their initial low rates are expiring or adjusting upwards and they are looking to select another financing program. Obviously, consumers should consider choosing either an adjustable rate mortgage or a fixed-rate mortgage based on their individual financial circumstances and preferences.

When deciding which loan program best fits his or her individual financial needs, the borrower also needs to consider whether or not it may be in their best interest to lock-in their mortgage rate. A lock-in or rate-commitment as it is also known, effectively locks the rate for the borrower for a specified period of time providing protection to the borrower in the event that mortgage rates increase prior to the loan closing. The Florida Association of Mortgage Brokers (FAMB) offers the following points to consider about rate locks:

- Always get the lock-in agreement in writing, and fully understand how your lock-in works.
- Keep records and a copy of the lock-in agreement you created with the originator in case of a dispute.
- There are different time periods for which you can lock-in an interest rate. The lock-in period could be as little as 7 days, or as long as 120 days. Be realistic with respect to the time frame needed for your loan to close when considering a lock-in period.
- There is generally a fee to lock-in a rate for a long period of time because the lender, instead of the borrower, is now taking on the risk of rates changing. The longer the lock-in period, the higher the fee. Find out how much the lock-in period will impact the cost of your loan.
- Ask for a blank copy of the lock-in and look it over. If you do not understand the terms ask for clarification or seek competent advice from an attorney.
- Always look for a lock-in with the fewest number of contingencies.
- Work with a licensed mortgage professional who is a member of the Florida Association of Mortgage Brokers.

“All loan applicants should talk to a professional mortgage broker so that they understand the requirements of locking-in an interest rate,” advises president of the FAMB Patrice Yamato. “Make sure they help you to find the best mortgage program that fits your individual financial circumstances.”

For additional consumer information, visit the consumer section of the Florida Association of Mortgage Brokers web site at www.famb.org .