

Learn 5 Tips to Get the Lowest Mortgage Rate

Description

Going for a mortgage loan when you want to buy a house or renovate the existing one is a natural choice if you don't have ample money.



But you must be very cautious because a meager fraction of a percentage in interest rate can increase thousands of dollars over 15 or 30 years. Therefore, it would be best if you did your research by taking the easy-to-follow steps and measures.

These takeaways mentioned below will help you cut the best deal for the mortgage loan to save you a handsome amount over the period. Your friends or family members might persuade you to make a deal with their lender, but there is no guarantee that you will also get the same thing in different circumstances. The advertised rates are never the true picture that you were looking for. Do your research and never be afraid of negotiation. If you want to know how? Read along and know the 5 steps that will help you cut the perfect deal for low mortgage rates.

The 5 steps for getting low mortgage rates

Comparing the interest rates of different lenders is not the only thing that you should do. You need to be financially intelligent and make strategic moves to get a perfect deal that will help save you thousands of dollars. Here are the steps to take for this endeavor:

Never Fall for Advertised Rates

You can find the mortgage rates of different lenders online. Then, within 5 minutes, you can compare all of your prospect lenders and save the day. But this is not the case. Unfortunately, these rates are for perfect buyers. For lenders, a perfect buyer has a great credit score, is willing to pay at least a 20% down payment, and has low debts. If you are such a person, this strategy is good for you, but you should never fall for this approach if there are some deviations.

You should go for three to five reputed lenders to get quotes on the property of your choice. You will need to provide your personal information, credit score, recent pay stubs, and ID. The lender will also require a bank statement of two to three months. All the documents and the value of the property of your choice will help the lender to offer you a mortgage rate that will be entirely different from the advertised one.

Wait for Response from All the Lenders

If you get the quote of a lucrative rate from a lender and still some of the quotes are in the pipeline, you should wait for a little. For example, when you get a 3% mortgage rate of \$300,000, the monthly payment will be \$1390. If another lender offers you 2.75% for the same loan, your monthly installment will be only \$1350. From this quotation, you will see that a \$40 difference is nothing much that should persuade you for this difference.

But when you calculate the interest for 30 years, you will see that you will be paying \$155,300 in interest on the first quotation. On the other hand, the latter option with 2.75% will make you pay \$140,900 over thirty years. **Thus, the \$14,400** difference is significant enough to persuade you and change your decision towards the mortgage plan of 2.75%.

Avoid Choosing Recommended Lenders

You should consider the lender recommendations of your friends or family, but you should never accept the product they have to offer blindfolded. When it is about your friends or family members, they will not think bad for you at all. But the thing is that there are high chances that their case and circumstances were entirely different from yours. The lender was able to offer them the best in the market, but with your circumstances, this might not be possible at all. If you choose the recommendations without any research, you will regret them for the rest of your life.

The best approach here is to consider these recommendations and provide your documents to get the quote. Once you get a quote from the recommended lender and others in the market, you will see what is best for you. If the recommended lender is offering you a good deal, nothing should stop you from accepting that. But if someone is offering a better plan, your family members or friend will persuade you to go for the better one if you show them the true picture.

Your Bank is Not the Last Resort

When you are already dealing with a bank, you will love to have a mortgage loan because that is easy and convenient. But you must know that it is a final decision you will make and you cannot make the

wrong move just because of the convenience. The ease of getting a mortgage is not higher than the extra amount you might have to pay after cutting the wrong deal. Most of the time, bankers sell their loans to mortgage services, and you will have to deal with them later.

Big banks take longer than expected to process a mortgage loan. You should get a quote from your bank but sticking to the one is not wise. Instead, get quotations from online options and other lenders to give you a true picture of who offers the best deal for your loan. Dig deep and choose the offer that suits you best regardless of the name or brand.

Go for Some Negotiation

Contrary to traditional believes and myths, when a bank offers you a quote, everything is not fixed at all. The lower rate doesn't mean that you cannot cut any discount or decrease of any sort in the whole mortgage plan. When banks offer you the interest rate, there are high chances that they could give you a concession of some points in the percentage. This tiny percentage could save you thousands over the life of the loan.

Even if you cannot get a lower interest rate from your final selection, asking for a discount on the origination fee will help you a lot. Bankers have various charges that can increase the rate of the mortgage. So if you do some negotiation, you will get a discount or decrease in that fee to help you get the best for you.

Category

1. Uncategorized

Date Created

November 2021

Author

tca-admin

default watermark