

Title:

Best Mortgage Interest Rate

Word Count:

535

Summary:

If you plan to purchase a home or refurbish your existing home you may need a mortgage. Fixed rate mortgages are a rage these days among clients because of their nature, which stipulates interest rates remain fixed for the entire period of the loan.

Keywords:

finance

Article Body:

The term mortgage in everyday lingo, is used to mean 'mortgage loan'.The word mortgage has now become the generic term for a loan secured by real property. A mortgage is similar to that of a secured loan. The amount of money lent is slowly repaid in monthly amounts for the length of the mortgage term.

Getting a mortgage is therefore, a huge task for any homeowner. These loans can range from the tens of thousands to the hundreds of thousands of dollars, and impose many different terms and conditions. Finding the best mortgage interest rate available is therefore quite an uphill task, which can eventually save one thousand of dollars over a period of time. The mortgage-lending industry is however, not free from its own share of pitfalls. As the market is inundated with so many different mortgaging options one may quite easily end up choosing the wrong one.

The unsuspecting consumer may be lured to believe that a 'balloon mortgage' offers the best mortgage interest rate available. While it is true that in the beginning of this mortgage, monthly payments are quite low, homeowners often find difficulty at the end of the mortgage when they are forced to make a large balloon payment. Balloon mortgages do however, offer some of the best mortgage rates available for real-estate buyers who are looking to turn over the property quickly. Mortgage brokers are usually middlemen between the customer and a lender .The broker needs to look through the market to find out the best mortgage interest rate available.

Types of Mortgage loan: There are two main types of mortgage loans, fixed rate

and variable rate interest. With a fixed-rate mortgage loan, the homeowner pays the same amount of interest every month during the lifetime of their loan. With a variable rate mortgage, the homeowner will end up paying different interest rates month-to-month solely depending upon market conditions. Banks and lending companies may use different market indicators to determine your interest rate.

While selecting the best mortgage interest rate one also needs to know that the true drivers of mortgage rates are the investors in the secondary market. A loan when its funded, the mortgage lender that funds the loan which may be a bank, a credit union, or other type of financial institution has the option of keeping that loan on its portfolio or selling it on the secondary market.

When selecting the best mortgage interest rate one needs to see whether it offers you the best return possible. That level of return is to a great extent determined by the current and anticipated condition of the economy. Determining the best loan that requires one to pay the smallest monthly payment possible is equally important as getting the best mortgage interest rate.

Fully equipped technologies are now available which simplify the lending process and ensure the current mortgaging rate is the best for his client. Only by exploring the wide-range of mortgaging options one can decide which one suits his/her purpose. It takes only a little bit of internet surfing, a few phone calls or may be a couple of visits to the local branch to find out and grab the best mortgage interest rate.