

Title:

Mortgage rates are good but you still need to research them

Word Count:

549

Summary:

Rates are falling quite nicely due to recent rate cuts and government intervention. Take advantage of great terms and low housing prices now.

Keywords:

rates, mortgage, loans

Article Body:

If you are currently looking to get a mortgage, rates look very good. The average 30 year fixed mortgage rate has fallen just over 40 basis points in the past couple of weeks. The government is focused on helping banks refinance existing clients who have homes that are actually worth less than they owe. Government intervention will allow banks to lower their rates on new mortgages, and another Federal Reserve rate cut in the near future will allow rates to fall even further.

So, rates are favorable for new home buyers, and should be locked in with fixed rate mortgages if possible. Mortgage rates tend to fluctuate with market interest rates. Currently, the Federal Reserve is cutting rates to stimulate the poor economy, but rates historically will rise when the economy starts to pick up again as a result of low rates. If you decided to enter into an adjustable rate mortgage, your rate may be lower than the fixed rate mortgage for the first few years of your loan, however, the rates have the ability to move up with increasing market rates. These adjustable rate mortgages can really get the better of a new home owner if they have not planned accordingly. A fixed rate mortgage must stay the same for the life of the loan, nothing can make the rates rise.

Adjustable rate mortgages are attractive, because they sometimes allow you to pay lower monthly payments in the first couple of years of the loan. And, they can often let you take out a larger loan amount, which can be very tempting, especially if you just have to have that swimming pool in the backyard. If you have a large savings, and you think you can benefit from falling future interest rates, then an adjustable rate may be a good option for you and your family. ARMs can be quite dangerous for the average home owner

though, so know what you are getting into before you sign on the line.

With a long term fixed rate loan, you can get monthly mortgage payments that are quite reasonable. Many lending institutions have forty year loan terms, which will lower monthly loan payments, and make life a bit easier. Even though the current housing market can offer a home buyer low rates, lending institutions are considerably more cautious about who they lend to after the recent credit market problems. If you are a first time home buyer, you should attempt to get pre-approved by your lender of choice. The process of pre-approval is when a bank researches a customer's financial history to determine if they would be able to make scheduled mortgage payments in the future. If your financial health is found to be in an acceptable condition, a bank will give you a pre-approval form that states how large of a loan they would be willing to give you, and under what conditions they would extend the credit.

Home sellers and their real estate agents like to have pre-approved buyers, because they know they will be able to get the financing they need. Getting pre-approved is extremely important in today's market, because everyone is skittish about the credit worthiness of buyers. There are some great deals in the current market, but when offers get made, pre-approved buyers will always win.