



Phone
949.661.HOME
Fax
949.661.4651

Lee@LeeandRuss.com
www.LeeandRuss.com

INTEREST RATES AND REAL ESTATE

LESS IS MORE

If you're new to investing or real estate and don't know the first thing about interest rates, here's a good tip: the higher the interest rate, the more expensive it's going to be. High interest rates mean you will have to pay back more on the money you borrow. Another good rule of thumb is that affordability increases if you use an adjustable rate mortgage (it's easier to qualify this way). Of course, there will be a wide range of prices that you can choose from, depending on what kind of financing you choose.

NOT EVEN THE FED KNOWS FOR SURE

The Fed holds a considerable amount of power, but they can't control everything. Mortgage interest rates are affected by many unpredictable political, economic and social events. So there is no guarantee what direction interest rates will go, despite the forecasts of the experts. Therefore, make your financial decision based on where things are today including your budget, your needs and your future plans.

LOCKING IN RATES ASSURES YOUR LOWEST INTEREST

If you do decide you want to lock in at a certain interest rate, you will need to complete a loan application and send it to your lender as soon as possible. This must be done so that your commitment doesn't run out before your loan is approved. Follow up and be sure that the lender is receiving all of the necessary documentation. Get a property appraisal, which usually costs about \$300, through your loan agent as soon as possible.

DON'T OBSESS AND MISS A GOOD REAL ESTATE DEAL

Although rising interest rates can create more problems for home buyers, waiting and hoping for low rates is not necessarily a smart move. You may end up paying a higher price. Also, refinancing is always an option in the event that interest rates come down.