

# WHAT ABOUT *interest rates?*

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INTEREST RATES ARE A HOT TOPIC WHEN YOU'RE LOOKING TO BUY A HOME. DID YOU KNOW THAT ON ANY GIVEN DAY, MANY DIFFERENT THINGS CAN IMPACT INTEREST RATES? HERE ARE SOME VARIABLES THAT CAN AFFECT IT:

1. Home price and loan amount: Your home price minus your down payment will determine how much you'll borrow which helps pin down how much the interest rate will be.
2. Down payment: Generally, a higher percentage down payment equals a lower interest rate. The more money you put down, the more stake you have in the property.
3. Loan term: Shorter terms (like a 15-year or a 20-year) generally have lower interest rates than a 30-year term.
4. Interest rate type: Interest rates come in two basic types: fixed and adjustable. Fixed rates do not change over time. Adjustable rate mortgages (ARMs), on the other hand, have an initial fixed period then go up or down based on the market. For example, a 5-year ARM loan will have a fixed rate for the first 5 years and then the rate will fluctuate from the 6th year onward.
5. Loan type: Different categories of loans have different rates.
6. Credit score: Primarily based on credit report information usually from credit bureaus. Typically, this is called your FICO score and is based upon your credit history.
7. Points and Fees Associated: Paying more up front for "discount points" can lower your interest rate.
8. Property Type: Single Family, multi-family, condo, mobile etc.