

## HOW INTEREST RATES AFFECT YOUR HOME PURCHASE

Your monthly house payment depends on many factors, including the interest rate on your mortgage. Here are some things to keep in mind about interest rates when you're planning to buy a home.



### RATES CHANGE OVER TIME

The rate you can get on a loan today will likely vary slightly from yesterday's or tomorrow's rate. Over longer periods, rates can fluctuate dramatically. Interest on a 30-year mortgage topped 18% in 1981 and dipped below 3% in 2020. People will predict which direction rates are heading, but no one knows for sure. If you're concerned rates will rise while you're looking for a home, some lenders give you the option to lock in a rate for a period of time.



### DIFFERENT LOANS CHARGE DIFFERENT RATES

The interest on a 30-year fixed-rate mortgage is typically higher than the rate on a 15-year fixed-rate loan. Interest rates on adjustable-rate mortgages are usually even lower; however, as the name suggests, those rates can change over time.



### HOW MUCH WILL A LOAN PAYMENT CHANGE?

The difference in a monthly payment depends not only on the loan's interest rate but also the amount of money borrowed. A buyer who borrows \$250,000 at 5% will pay \$148 more per month than if the rate was 4%. On a \$400,000 loan, though, the difference would be \$237 each month.



Interest rates are just one aspect of a mortgage, and a mortgage is one of dozens of considerations when you purchase a home. Working with a REALTOR® ensures that you have a professional at your side to guide you through the entire process.