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Before you start applying for favorable Colorado Home Mortgage Rates, it is important that you understand the various terms involved in this field. One of the most important things that you should know about is the mortgage rate lock. This is the rate locked between the borrower and the lender. When you have agreed for the mortgage, the lender can give you the option to have a locked interest rate that wouldnâ€™t increase between the period of approval and disbursement of the loan. The various features of this type of Colorado Home Loan Rates are described here.

You can understand the mortgage rate lock from the following example. If you have been given a mortgage rate of 5% and it takes around 20 days to close the homeâ€™s sale, getting the rate locked would ensure that you would still get the same rate of 5% after 20 days. This is even when the rates have increased in the market during this time period. However, you cannot find many lenders who offer this facility over your Colorado Home Mortgage Rates.

The mortgage rate locking is an act of faith between the lender and the borrower. While the lender agrees not increasing the Colorado Home Loan Rates, the borrower agrees that he wouldnâ€™t walk away from the deal. In such a setting, it may even be possible that the lender charges a fee if the borrower goes to another lender.

In this type of Colorado Home Mortgage Rates, there can also be an option for float-down. In this option, you can get a lower rate of interest on the mortgage if the rates drop during the period of the lock. However, the rates cannot be increased under any circumstances. These rates usually remain locked for a pre-fixed time period, which is usually between a month and a couple of months. The reason behind this time period is that some time would be required for closing the homeâ€™s sale or for refinancing a home loan.

Sometimes, you can come across a lender who adds points if the lock period is extended. And, others may even require higher Colorado Home Loan Rates. Therefore, it would be best to do the shopping and find the best lenders. If you donâ€™t choose this option, then it is clear that the rate would change by the time the loan is closed.

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Are you trying to find the best a Colorado Home Mortgage Rates? Visit this link where you can get the ideal a Colorado Home Loan Rates and at the same time proper guidance to what would be the best rate option for you.

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