Current Mortgage Rates Today in Lafayette County, Florida

Mortgage rates are never constant. This is because they are influenced by a combination of several factors. Some of these factors are influenced by borrowers and lenders, while others like the economy and inflation, are far beyond their control. Being acquainted with these determinants will help you negotiate your mortgage rates better when getting ready for home buying. Below we take you through what key things lenders in Lafayette look at to determine your interest rate. We also share things you can do to get the lowest rate possible.

How Do Lenders Determine Your Mortgage Interest Rate?

As mentioned, different factors come into play when lenders are calculating your mortgage rates. One of the first determinants is the type of loan program you choose. FHA, Conventional, VA, and USDA programs all attract different rates and terms. Often, lenders will brief you on all the available types that you qualify for and let you choose what suits you best.

Also, the type of interest rate you choose will be factored in when lenders are calculating your interest. There are two types of rates- fixed and adjustable. Fixed rates are pretty standard. They do not change over the course of the repayment term. On the other hand, adjustment rates start off as a fixed rate for a limited duration and then become adjustable for the remainder of the repayment term. The rate will fluctuate depending on the state of the economy and the real estate market. Both fixed and adjustable rates have their pros and cons, and the choice is entirely upon you.

These two are just some of the ways lenders determine what interest rate to charge you. Read more below.

Credit Score

One of the major things lenders will look at when qualifying you for home financing as well as determining what interest rate to charge you is the credit score. A credit score is a three-digit number that ranges between 300 and 850. It is what tells lenders how likely you are to pay your loan and whether or not you pay on time. The higher the number, the better you look in the eyes of a lender.

A credit score is calculated based on a few other factors- your repayment history, debts, number of active accounts, credit utilization, credit mix, and age of the credit. When seeking home financing, a higher credit score will get you a lower interest rate because lenders are confident that you will pay your loan on time. On the other hand, a lower credit score will mean higher interest rates in addition to paying mortgage insurance.

Down Payment

A down payment is the amount of money you give upfront as your first payment towards your home. All lenders require that any borrower seeking home financing must pay a down payment as a show of commitment. The minimum amount to pay varies with lenders. The amount of down payment you put down will determine how much interest you get charged. Essentially, the higher amount you put down, the lower the interest rate, and vice versa.

A down payment of 20% and more will attract a lower interest rate while a down payment of less than 20% will qualify you for higher interest. Lenders will also require you to pay mortgage insurance with a lower down payment which may or may not be cancellable. This will depend on the lender's terms and loan program.

Loan-to-Value Ratio

The loan-to-value ratio (LTV) is the difference between the amount you put down and the total loan amount for the home. When you put down a larger amount, you are left with a smaller loan to pay than when you put down a smaller down payment. Therefore your LTV ratio is considered lower. Conversely, when you put down a smaller down payment, you are left with a bigger loan; therefore, your LTV ratio is higher.

LTV ratio is calculated by dividing the amount to be borrowed by the property value amount and expressed in percentage. For instance, if the home you intend to purchase has a price tag of $80,000 and you put a 20% down payment, this means you've already paid $16,000 towards your home. The money you will borrow, therefore, is $64,000. In this case, your LTV ratio is $64,000 / $80,000 multiplied by 100 which comes to 80%. On the other hand, if you put down 10%, you will borrow $72,000. LTV ratio will be 72,000/80,000 multiplied by 100, which comes to

90%. From the two scenarios, you can tell that you will pay more interest in the second scenario, where your LTV ratio is higher.

Lenders use the LTV ratio to determine what level of risk they are exposing themselves to. They perceive that borrowers with a higher LTV have very little equity on the home. Therefore, in the event of a foreclosure, the lender may not be able to recover their outstanding loan fully and still make a profit from the sale.

Property Type and Purpose

Lenders will also calculate mortgage interest depending on the type of property you seek financing and its purpose. A primary home residence attracts a lower interest than a commercial or investment property. Lenders perceive that a borrower will be less likely to default if they take a loan to purchasejkkkkkk93hhhnmh6gggggggggggggggggggggggggggggggggggggggggggggggggggggggggggggggggggggggggggggnm 5 5`lpppppppppppppppppppppppppppppppppppppppppppppppppppppppppppppppppppppppppppppppppppppppppppppppppppppppppppppp their primary home than when it's a second home or investment property. After all, no one w///ants to one day wake up to no roof over their head.

- **Loan Duration**

A mortgage loan is often a long-term loan that can take upto three decades to pay. Most lenders will offer 15-year, 20-year, or 30-year loans, with 20 and 30-year terms being the most popular. The long term offers flexibility for the borrower; however, the lender rewards themselves with interest rates over the course of the term. The interest rate depends on the loan term you choose. The longer the term, the higher the interest charged. For instance, a 30-year interest may be 5%, while a 20-year interest maybe 4%.

- **Other Determining Factors**

There are other hidden factors that generally influence the mortgage interest rates that are beyond you or the lender. The demand for market bonds (treasury and corporation bonds), for instance, will either ramp up the interest rates or lower them depending on the trajectory of the demand. When there is a high demand for bonds, the price for the bond will go high, pushing the mortgage interest down. Whereas when the price of the bonds goes lower, it raises the mortgage interest. The relationship between the two is inverse.

Other hidden factors that borrowers may not so much affect the interest rate levied on them are the Federal reserve rates and inflation. Fed rates may not directly ramp up the interest, but an increase or decrease in the rates spills over to mortgage rates. Inflation, on the other hand, has a direct impact on mortgage rates. When inflation is high, lenders have no choice but to increase the rates since, technically, the cost of borrowing has gone up. The same happens when the economy is doing badly.

Why Are Mortgage Rates In Florida Going Up?

Mortgage rates in Florida are almost hitting 6%. This is the highest rate seen in the last several years. Several factors have contributed to this sharp increase as discussed below.

High Inflation

This year has seen inflation shooting to a new year. It has been the highest in the last four decades. This has caused a stir in the economy, real estate market, and across the board. With high inflation, the cost of everything has gone up because the price of money has also gone up. This means it's more costly to borrow now than it was a year ago. This has left the lenders with no choice but to raise the rates to cover their bases.

Federal Reserve's New Rates

The recent move by the Federal Reserve's campaign to raise interest rates by 0.75$ points so as to tackle the rising inflation has also spilled over to the mortgage rates. The rate-setting has caused the mortgage interest rates to also go up. While it is a great move by the Fed Reserve, it seems not to favor first-time homeowners and homeowners who want to refinance their mortgage.

Current Low Sales In Real Estate

High inflation, a staggering economy, and high borrowing cost have all seen home buyers pull back from refinancing their mortgages or investing in new property. This is because the buyers' purchasing power has shrunk, leading to a significant reduction in sales in the real estate market. This means low profits for those in real estate. Lenders charge hefty mortgage rates to make as much money as possible from the few buyers.

How To Get The Best Mortgage Rates

While it isn't much you can do about factors like market bonds and inflation, there is so much you can do to get the lowest possible rates, especially with the current rise in rates in Florida. It's important to find ways that will qualify you for lower rates. This will save you thousands of dollars that you can channel into other purchases and investments.

Here are some things you can do to get the lowest possible mortgage rates today.

Compare Rates From Multiple Lenders

As you would when shopping for any other major purchase, mortgage shop to find the lender with the best rates and terms. Talk to several lenders besides your credit union and banks and ask for quotes. You will be surprised by how low some lenders can go in terms of rates.

Increase Your Debt to Income Ratio

Your DTI is the ratio between your monthly gross income against your monthly debt repayments. Ideally, you want to have a higher income and fewer debts but because that is not always the case, ensure your income and debt ratio is favorable to get you a lower interest. You want to aim for a lower DTI. This will enable you to pay your loan comfortably, and in case of any eventualities, you can still pay your loan without overstretching your finances. Lenders recommend a DTI that is lower than 36% of your gross income. Conventional and FHA loans require a higher DTI of 45% and 43%, respectively. There are, however, instances where a lender may accept your higher DTI. For instance, if your savings are substantially high or if you put down a larger down payment.

Lock In Your Rate

Closing on the house can take 30-45 days, sometimes up to 50 days after signing a purchase agreement. This is a long time, and considering that interest rates change daily, you may pay a higher interest rate by the time the loan closes. To avoid such a scenario, you can ask the lender to lock in the rate when it is still favorable. However, rate lock policies may vary depending on the lender. It's always good to ask about the rate lock policies beforehand.

Save Up For A Bigger Down Payment

Bigger down payment will always qualify you for a lower mortgage rate because your loan-to-value ratio is higher. Strive to save up more than 20% for your down payment. This will save you costs because you will pay low interest and not pay mortgage insurance.

Work On Your Credit Score

Your credit score is the ultimate measure of your creditworthiness. It determines whether or not you get a loan and how much interest your loan will attract. A slight difference of even 100 points can save you or cost you hundreds of dollars in interest. It could mean paying 3.25% interest over the course of 30 years instead of 3%. Work on getting your credit score to at least 760 and above for conventional loans, 500 and above for FHA loans, 620 and above for VA loans, and 640 and above for USDA loans to get you lower rates.

There are plenty of ways to improve your credit score:

- Paying your debts and bills on time
- Lowering your credit utilization,
- Cutting down your debt balances to lower than 30%
- Paying down credit cards with high balances
- Using balance transfers to free up some of the credit

If unsure of how to improve your credit score, talking to a credit counselor can help get things in perspective.

Why Is Lafayette County A Great Place To Live With Kids?

Lafayette is one of the best places to bring up your kids. The communities are safe, secure, and engaged, and education is commendable. In addition, there are so many ways to keep the kids engaged all year round. Some of the best activities include:

Paintballing at Blitz Paintball

If your kids love the thrill of paintballing, Blitz is a great place to take them. The field is excellent for both recreational play and walk-on. The staff is friendly and very helpful, and you can bring and use your own paint on special days. Be sure to check in advance if the snack bar will be open. Sometimes it's not, so you may have to carry your drinks and snacks.

Indoor Skiing and Snowboarding at Shredder

Opened in 2018, the Shredder Lafayette is conveniently located. It offers kids indoor skiing, snowboarding, sledding down, and various other slope games. The place is open for both beginners and pros and offers group and private beginner lessons. It's a great place to introduce your kids to skiing or snowboarding before taking them to the mountains.

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Learning Ninja Skills at Ninja Nation

Ninja station was also established in 2018 to teach kids to develop skills, confidence, and strength to overcome challenges and tackle obstacles. The facilities are world-class, the staff helpful and friendly, and the training is designed to support every aspect of the kid's growth. Safety is top on their list even as they train, plan and compete.

Bouncing at Bounce City at Broomfield

Bounce City Indoor Playground is perfect for young kids. They have huge bounce houses for bouncing lovers, slides, and other interactive games. They also offer obstacle courses for slightly older kids. The place is generally clean and safe, and the staff is friendly. It is a great affordable place for kids to release their high energy.

Bottom Line

Due to the high inflation and ailing economy in Florida and the entire country, mortgage rates are almost hitting 6%- an all-time high. This has made so many people pull back from buying homes here in Lafayette. While there is nothing much you can do about these factors, there is so much you can do to get a lower interest rate still. Improving your credit score, saving up a bigger down payment, lowering your debts, and locking up the rate are just some of the things you can do be qualify for the lowest possible rates.