What is a "rate lock period"? How can you make sure your rate is low?

A rate lock or a rate commitment is a lender's promise to hold a certain interest rate and a certain number of points for you for a specified period of time while your application is processed. This prevents you from going through your whole application process and at the end of it finding out the interest rate has gone up.

A rate lock period can vary in length, and longer ones usually cost more. A lender will agree to "hold" your interest rate and points for a longer period, say 60 days, but in exchange the rate and maybe points are higher than with a shorter rate lock period, for example.

There are many ways besides opting for a shorter rate lock period to get a lower rate, though. A larger down payment may result in a lower interest rate than a smaller one, because you're starting out with more equity. You can pay points to lower your rate over the life of the loan, but that means you pay more up front. For many people, this makes sense and is a good deal.

Closing costs are fees paid by the lender, which the lender in turn charges you to close the loan. Many people pay closing costs when they sign on the dotted line, but many finance their closing costs. Paying closing costs when the loan closes will reduce your interest rate.

Finally, the interest rate a lender is willing to offer you depends on your credit score and your income-to-debt ratio. If you have good credit and your income far exceeds your debt obligations, you will qualify for a lower rate.