

## REAL ESTATE

### 5 Ways to Shop for a Low Mortgage Rate

Higher home prices and interest rates create barriers for homebuyers. Here are ways to shop for a lower mortgage rate.



Scoring a low mortgage rate is a top priority for many potential homebuyers, as owning a home has become increasingly expensive over the last several years. High mortgage rates and rising home prices have long kept many would-be buyers on the sidelines.

Even small shifts in mortgage rates can make a difference in affordability, and recent rate declines are giving some buyers renewed motivation to reenter the market. For households weighing whether to buy now or continue waiting, understanding where rates stand today is an important starting point.

The average 30-year fixed mortgage rate has dropped to 6.11%, and the 15-year average sits at 5.50%, according to Freddie Mac. That's nearly a full percentage point lower than at the start of 2025, when rates topped 7%. The decline offers long-awaited relief for buyers and could mark the beginning of a more favorable housing market ahead.

If you're looking to purchase a home in this market, taking these steps can help you score a low mortgage rate:

### **1. Increase your down payment**

To qualify for the lowest rates on a conventional loan backed by Fannie Mae or Freddie Mac — the nation's two largest mortgage buyers — you'll need a 20% down payment, said Melissa Cohn, a regional vice president at William Raveis Mortgage, a national lender headquartered in Shelton, Conn. "The bigger your down payment, the better the rate," Cohn said.

Need a little help piecing together a bigger down payment? Try looking into national and local down payment assistance programs.

### **2. Raise your credit score**

Generally, consumers need a FICO score of 760 or higher to be eligible for the lowest mortgage rates on a conforming loan, said John Ulzheimer, a credit expert and author of "The Smart Consumer's Guide to Good Credit". Raising your credit score by 20 points can potentially save you thousands on your mortgage, as shown in this data from MyFICO.

If your credit score needs a boost, there are steps you can take to give it a quick lift. However, your best strategy will depend on why your score is lagging.

"Paying down some of your credit card debts can yield a higher FICO score in as little as two weeks," said Ulzheimer, pointing out that your credit utilization ratio — the amount you owe on your credit cards, divided by your card limits — makes up a significant percentage of your FICO score.

A good rule of thumb: Keep your credit utilization ratio below 30%.

It's also a good idea to check for errors on your credit report. With identity theft at an all-time high, "make sure all the information on your report actually belongs to you," said Ulzheimer. "Someone could have opened a credit card in your name and run up a significant amount of debt."

### **3. Shop around**

Fannie Mae found that 36% of homebuyers received only one mortgage quote. But you're more likely to find a lower rate if you shop around.

Get quotes from at least three lenders. Local lenders and credit unions tend to offer lower mortgage rates than big banks. You can also shop at larger online lenders such as Rocket Mortgage. Because underwriting requirements can vary, different lenders can give varying quotes.

#### **4. Consider an adjustable-rate mortgage**

ARMs — short for adjustable-rate mortgages — developed a bad reputation after the housing market crashed in 2008 because so many underqualified borrowers couldn't keep up with their ARM payment increases. But today's ARMs have more protections built in than pre-2008 ARMs and can be a good option for some buyers.

An adjustable-rate mortgage starts out at a lower interest rate than you would get with a fixed-rate mortgage. Then, after a specified period of time — usually three, five, seven or 10 years — the rate adjusts based on market indexes, though there are caps on how high-interest rates on ARMs can go.

For example, if you know that you're going to sell your home in the next four years, getting a five-year ARM can save you thousands of dollars in interest.

#### **5. Lock in the best rate**

But a large swath of buyers are reassessing whether it's the right time for them to purchase a home. Many homebuyers are holding off on entering the market in case lower rates do materialize.

This makes sense because even a small change in mortgage rates can have a significant impact on how much homebuyers pay.

Qualified for a great interest rate? A mortgage rate lock allows you to lock it in for a set period — typically 30, 45 or 60 days — from the time you receive a conditional loan offer from a lender to when you close on a home.

Many lenders offer a free 60-day rate lock, but you usually have to request it, said Jacob Channel, senior economist at LendingTree. And there are a couple of caveats.

“If something about your financial status, like your income or credit score, changes before you close on a home, your rate can still change,” Channel said. “A lender can also change the terms of your loan if it finds that you’ve failed to disclose something, like additional debts.”

In today’s market, with 30-year mortgage rates fluctuating from week to week, Channel suggested buyers get a “float-down” rate lock. With this kind of lock, you can potentially get a lower rate than you initially locked in if interest rates fall, he said. Lenders often charge a fee of 0.5% to 1% of the total mortgage amount for a float-down lock.

Keep in mind that the future is uncertain. “Nobody — not even financial experts or your lender — knows where rates will end up 30 to 60 days from now,” said Channel.

**NYSUT NOTE: When buying a house, it's worth taking the time to save money on lender fees and closing costs. With the NYSUT Member Benefits Corporation–endorsed [Mortgage Discount Program presented by Mid-Island Mortgage](#), you can save up to \$2,700 on one of the biggest purchases you're ever likely to make.**

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