

[Buying a home in 2019](#) is arguably one of the largest purchases you will make during your lifetime. And lowering your mortgage rate can be equally as tough.

Financial obligations attached to [owning real estate](#) should not be taken lightly; lowering the cost of your homeownership begins with your mortgage.

With that said, if you don't follow some of the tips below, you will end up shelling out a lot more cash than you intended.

## **Go Shopping**

Don't sign for the first home you see. Lowering your mortgage rate should be a thought you have in mind, which will take time.

Take your time to shop around for the best rate; your wallet and long term financial situation will thank you.

A 2012 Stanford University study concluded that consumers who obtain at least four mortgage quotes save nearly \$2,700 in fees for a \$200,000 home loan compared to those who only got one or two quotes.

Thankfully, the advancement of the internet makes shopping around for better rates more efficient than it was 20 years ago.

## **Maintain a Good Credit Score**

You must maintain a [high credit score](#) in order to get the best possible rate for you for your mortgage.

A high credit score ensures your lender that you are credible enough to pay it back. A low credit score could cause a lender to raise your rate and potentially deny you the loan altogether.

There are many different ways to keep an eye on your credit score. Many of the top credit reporting companies are secretive about how their scores are calculated.

However, [FICO](#) openly lists how they compute credit scores, and they are as followed:

- 35% is based on your payment history (make them on time)

- 30% is based on your credit utilization (try to keep it under 20%, if possible)
- 15% is based on length of credit history (don't close accounts you've had for a long time that are in good standing)
- 10% is based on new credit accounts (only open new accounts when it makes sense to do so)
- 10% is based on credit mix (lenders want to see that you can manage different types of loans)

## **Long & Consistent Work History**

Another way lenders will evaluate your credibility is through your work history. Lenders are more likely to give you a satisfying rate if you have maintained the same job for a few years and your annual income is consistent or growing.

At the same time, if you have a resume with gaps and inconsistencies, lenders will view your income as unreliable and charge you a higher rate or deny you entirely.

## **Ask For a Better Rate**

It can't hurt to ask! You can ask for a lower rate or ask your lender to match a competitor's rate. The worst-case scenario is that they say, "no." If your credit score is 800 or higher, your chances of being granted a lower rate go way up.

According to FICO, only 1 in 9 Americans have scores this high, and if you are one of those people, lenders will do almost anything to keep you as their customer. So, don't be afraid to ask!