



Owen Ye

Licensed Texas Real Estate Agent | Real Estate Consultant

Mortgage Loan Originator, Loan Factory · NMLS #2541101 · Equal Housing Lender

Phone (347) 774-5396

WeChat Owenyerealtor

Website owenrealestatetx.com

Email owenyerealtor@gmail.com

Serving the Greater Houston Area

When to Lock Your Rate: Lock Periods, Float-Downs and Points

By Owen Ye, Licensed Loan Officer (Loan Factory, NMLS #2541101)

Rates move every day, and in the roughly 30 days between signing and closing, when to lock is the decision borrowers agonize over most. First, the rules: what a lock actually locks, how lock length costs money, whether paying points pays off, and what happens if rates fall after you lock. This guide does not predict rates — nobody can — it gives you a framework for deciding.

1. What a Rate Lock Actually Locks

Decide Right After Signing

1. It locks that day's price

Once locked, your rate (and its points/fees) runs on the pricing of the lock day for the whole lock period — the market can rise or fall without touching you. It locks one specific loan: if the amount, LTV or score tier changes, the price is recalculated.

2. Floating means the risk is yours

While you float, the final rate follows the market up to closing. Signing to closing usually runs about 30 days, and a 0.25% market move inside that window is not rare — the payment, and the cash needed at closing, move with it.

3. A lock usually needs a contract first

Most programs require a signed purchase contract and a specific property before you can lock. With only a pre-approval and no home yet, you can budget against live pricing — but no rate is yours until it is locked.

2. How Long to Lock: 30 / 45 / 60 Days

Longer Costs More

1. Longer locks cost more

Same day, same rate: a 60-day lock usually costs a little more than a 30-day lock, with the difference in points or in the rate itself. Work backwards from the real closing date, leave a small buffer, and do not buy an over-long lock just for peace of mind.

2. If the lock expires before closing

You can request an extension, for a fee — usually charged by the day or as a fraction of a point. If it has been expired too long, the loan may have to re-lock at current pricing. If the seller caused the delay, check the contract for how that cost is shared.

3. New construction and long locks

Homes with long build times often cannot lock until completion is near — or they need a long-term lock at a clearly higher price. Work this out with your loan officer at signing, not by defaulting to dealing with it later.

3. Points: A Break-Even Calculation

Compute the Payback First

1. One point = 1% of the loan amount

Paying points is prepaying interest to buy the rate down. A common quote is roughly 0.25% of rate per point, but the exchange varies daily and by lender — compare on the same day's real quotes, not on a rule of thumb.

2. The break-even line

Break-even months = the points you pay ÷ the monthly payment you save. If you will hold the loan past that month count, points pay off; if you may sell or refinance within a few years, the savings never catch up and the points are sunk.

3. The reverse: lender credits

Accepting a slightly higher rate in exchange for a lender credit toward closing costs is the opposite trade. When cash is tight and the holding period is short, it can be the right one. Have your loan officer line up all three quotes — points, par, and credit — same day, same basis, then compare.

4. Locked — and Then Rates Fall

Ask About Float-Down First

1. The float-down option

Some programs allow, after locking and before closing, a one-time float-down to current pricing if the market improves materially — usually with conditions or a fee, and usable only once. Ask before you lock whether the option exists and what triggers it.

2. Ignore small dips

The point of a lock is to switch off uncertainty. For a small move — an eighth of a percent — renegotiating, switching lenders or delaying closing usually costs more in risk than it saves.

3. For a big drop, run three numbers

If the market falls hard (say 0.5% or more) with time still left before closing, cost out three paths with your loan officer — the float-down, an extension or re-lock, and switching lenders with its timing risk — then decide. Do not overturn a lock on emotion alone.

4. Decide on today's numbers

Locking is a same-day decision: this site's [rate report](#) updates daily; see what each rate does to the payment in the [mortgage calculator](#); and keep the product differences straight on the [loan programs page](#). To have me work the lock window backwards from your contract dates, use the [free consultation](#).

Questions about a loan? Ask me — free consultation: (347) 774-5396 | owenrealestatetx.com

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