PREMIER MORTGAGE GROUP

*experience the difference*

## PAYING POINTS FOR A LOWER RATE

In refinancing, a mortgage company usually offers a range of interest rates at different amounts of points. A point equals one percent of the loan amount. For example, three points on a $100,000 mortgage loan would add $3,000 to the refinancing charges.

Analzying various interest rates and associated points may save you money. As a rule of thumb, each point adds about one-eighth to one-quarter of one percent to the interest rate the mortgage company is offering.

Generally, the lower the interest rate on the loan, the more points the lending institution will charge. Some companies offer refinancing with no points, but generally charge higher interest rates.

To decide what combination of rate and points is best for you, balance the amount you can pay up front with the amount you can pay monthly. The less time that you keep the loan, the more expensive points become. If you plan to stay in your house for a long time, then it may be worthwhile to pay additional points to obtain a lower interest rate.

Some companies may offer to finance the points so that you do not have to pay them up front. This means that the points will be added to your loan balance, and you will pay a finance charge on them. Although this may enable you to get the financing, it also will increase the amount of your monthly payments.

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