



Your Mortgage PLANNER

with Jamie H. Harrington, President

THE POINTS ADD UP

Keep your eyes on the "points" when shopping for a mortgage because they represent money out of your pocket. Unfortunately, not all lenders disclose how many points might be required to obtain a certain rate they are advertising. Each "point" is one percent of the loan amount, and for fixed rate loans, each point paid will typically reduce your rate by one quarter of one percent of the interest rate. For example, a 6.0 percent loan with no points can be reduced to 5.50% by paying two points.

The decision to pay points is affected by many factors, including how long you expect to be in a home, and in the loan. If you are confident you will definitely be in the house for at least five or more years, and you can't foresee refinancing during that time, it may make sense to pay the points in order to lock in the lower rate. However, if you are not very confident of your future plans, don't pay points for something that you may not be around to benefit from. We find that for most people, paying points is not an attractive option, but you still have to know how they work in order to make the decision.

If you would like to discuss what type of mortgage loan will work best for you, call Jamie Harrington at 828-632-0650 for an appointment. United Carolina Group, Inc., is located at 340 NC Highway 16 S. in Taylorsville.

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