



# Your Mortgage PLANNER

---

with Jamie H. Harrington, President

## PUZZLING POINTS

Which offers you the best deal, a low interest rate mortgage with "points" or a higher interest rate loan with no "points"? It depends.

Let's do a little math. On a 30-year, fixed-rate mortgage for \$100,000 at 8 3/4% interest and no points, the monthly principal and interest payments would be \$787. To obtain an 8 1/4% loan, you have to pay three points or \$3,000. Payments on this loan would be \$751, a savings of \$36 per month. Which loan would be best for you?

The first calculation you should make is how long you will have to live in the house in order to recover the \$3,000 paid in points. Divide \$3,000 by \$36 (your monthly "savings") to get the number of months (83); then divide 83 by 12 (months per year) to get 7 years--the time it will take to recover the points.

If you are fairly certain you will live in your new house for seven years or more, then the loan with points is the better dollar value. Other factors may influence your decision, however, such as how much cash you must have to close, your monthly budget, and tax bracket.

*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.*

**[www.unitedcarolinagroup.com](http://www.unitedcarolinagroup.com)**