

Title:

The Case Against Paying Points

Word Count:

548

Summary:

Points seem like a good idea, after all, the interest rate is lowered. But if you don't have o

Keywords:

mortgage points

Article Body:

Points seem like a good idea, after all, the interest rate is lowered. But if you don't have o

For most people, paying points just doesn't make sense.

A point, often called a discount point or origination fee, is equal to one percent of the loan

By paying points, you are buying down your interest rate. The more points you pay, the lower y

To stimulate business, lenders offered discounted rates with fees attached, called discount po

But times have changed. Interest rates are no longer anywhere near 15% on mortgages -- they ar

Let's look at the numbers. For example, you find a 30 year fixed rate mortgage at 6.50% with t

Another lender is offering you a 7% interest rate on the same mortgage.

Which deal is better for you?

You put the standard 20% down on the loan. The monthly payment and interest payment for the 6.

You could put that \$3,840 in the bank to earn interest. If your bank is paying three percent i

So you have to stay in that home with that particular mortgage for six years to make back the

And with rising home costs, many home buyers don't have the extra cash on hand to pay the down

If the seller wants to pay points, that's great and extremely rare in today's market. If you a

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