

The 101 on APR

APR - Annual Percentage Rate is a measure used to determine the true cost of a loan. Instead of a bank or lender telling you that your rate is 6.5% with fees of \$8,000, they'll just say the annual percentage rate is 6.87% with those fees included.

The annual percentage rate was essentially created to prevent lenders from not disclosing fees that went into a loan to make the rate appear better than the competition. In other words, APR includes most of the other fees lenders charge during the loan transaction. These fees are then rolled into the interest rate to come up with the APR. However, it's still not sufficient enough to choose a mortgage based on APR alone, because lenders do not include all the fees associated with your loan transaction.

APR also assumes a loan will be paid off after the full term of the loan, whether it be 15 or 30 years. Most homeowners hold on to their mortgage for a significantly shorter period of time, which will completely throw off the actual APR. Additionally, APR is not an effective measure between different products, only like products because APR's time dependency. You will only see ALL the fees involved in the mortgage transaction by requesting the GFE.

The following fees are usually included in APR:

- Discount points/broker fee
- Origination points
- Processing fee
- Underwriting fee
- Document drawing fee
- Appraisal review fee

The following fees are usually not included in APR:

- Title fees
- Escrow fees
- Notary fees
- Recording fees
- Credit report
- Appraisal report fee
- Home-inspection fee
- Doc prep fee
- Attorney fees



Remember to ask about...

- Our 100% Financing
- 30-40-50 Year Loans
- No Income Loans
- Second Mortgages
- Jumbo Loans
- First Time Buyer Programs

2 Locations To Serve You...

Fort Myers

239.791.5555
877.872.5266

Sanibel Island

239.935.1011
800.367.2011

Key Mortgage Brokers

1382 Colonial Blvd Fort Myers, FL 33907
email: sales@keymortgagebrokers.com
www.KeyMortgageBrokers.com