

The Truth About Rates

What is an origination fee?

The amount charged for services performed by the company handling the initial application and processing of the loan.

What is a discount point?

A discount point is paid to the lender to permanently buy down or lower an interest rate. It is usually a percentage of the loan amount.

Can I pay additional points to reduce my interest rate?

Yes, most lenders will allow you to pay additional discount points to lower your interest rate.

What are lender fees?

Lender's fees are fees that offset the cost of producing the loan. Different companies may refer to them by different names, such as, processing fees or underwriting fees.

How are rates determined?

Rates are determined by the stock market and other financial indicators. These rates can change daily. The changes are based on many different economic indicators in the financial markets. To obtain current interest rates, contact your broker at Key Mortgage Brokers.

How can I compare rates and fees?

When comparison shopping, look at points, fees and the Annual Percentage Rate (APR). The APR includes the fees that are charged on top of your loan. One lender may have a lower rate, they may charge more fees, and hence have the same APR.

What is the difference between APR and interest rate?

The APR (annual percentage rate) reflects the cost of your mortgage loan as a yearly rate. It also incorporates the cost to obtain the loan, such as discount fees and loan origination fee. The interest rate is the actual note rate.

What is prepaid interest?

This is the interim interest that accrues on the mortgage loan from the date of the closing to the beginning of the period covered by the first monthly payment. For example, if your closing date is scheduled for June 15, the first mortgage payment is due August 1. The lender will calculate a per-day interest amount that is collected at the time of closing. This amount covers the interest accrued from June 15 to July 1. Some lenders prohibit the collection of pre-paid interest.

When can I lock in my interest rate and how much does it cost?

Most lenders will allow you to lock in your rate as late as up to five business days before closing. Some lenders allow you to lock prior to finding a property. The normal rate lock is 30 days.



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
239.849.8573

Sanibel Island

239.935.1011
800.367.2011

Barb Petrowitz
Lic. Broker



Important Information!
email: barb@keymortgagebrokers.com
web: www.KeyMortgageBrokers.com
pdf's: www.KeyMortgageBrokers.com/public/rates.aspx