

## Mortgage Vocab 101

Buying a home can bring up many emotions for buyers, like stress. Mortgage vocabulary can be hard for them to understand. Familiarizing yourself with mortgage buzz words and helping your buyer to understand them can lessen their stress.

**Principal:** The amount of money borrowed & needs to be repaid.

**Interest:** The percentage of the principal that is paid for borrowing. The interest rate is largely determined by the economy's current borrowing cost & buyers' creditworthiness.

**APR (Annual Percentage Rate):** The annual percentage that is paid in addition to principal. It includes interest, points, fees, & other costs.

**Points:** Fees that can be prepaid at closing. Paying points can lower the mortgage rate. A point is 1% of the loan amount.

Example: \$90,000 loan with two points, \$1,800 is prepaid.

The amount that each point lowers the rate varies amongst lenders. The amount that each point can lower the rate by is depends on the type of mortgage & current interest rate environment.

**PITI:** Pincipal, Interest, Taxes, & Insurance. The fundamental elements of a monthly mortgage payment.

Monson Savings' Mortgage Lenders are here to help your buyer understand their mortgage. Contact a local Residential Lender.



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