

Mortgage points & what they're all about !

Whether called points, Discounts, Loan Brokerage Fee, or New Loan Fee - they're all the same. Points provide the MAGIC behind over half the home sales made in this area. Without points, most new loans and sales with low down payments would not be possible. So, since points are a very vital part of today's home selling picture, an understanding of them is important.

1. What are points? Thru the use of points, money is paid to lending institutions so lenders will be able to make loans on property under the existing money market conditions. Points result in **increasing the yield or rate of return** to lenders.

2. How are points figured? One point is just one percent of the new loan amount.

3. Why do points vary? The "cost" of borrowing money goes up and down, depending on the demand for money and the supply available. It is perhaps similar to the stock market - the price of any stock will rise or fall depending on its demand. Heavy demands on the available money supply thru business expansion, requirements of a military effort or government anti- inflation policies, all have a major effect on the availability of money.

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