



## *Real Estate Times*

*with Suzanne Dingley*

---

### **MORTGAGE POINTS—TO PAY OR NOT TO PAY**

Should you pay discount points when you get a mortgage? To answer that question, you have to estimate whether you'll keep the mortgage past the "break-even point" – the time when your accumulated monthly savings from lower monthly payments exceeds the amount paid up front.

What is a mortgage discount point? One point is equal to 1% of the loan amount, paid upfront at closing. You receive a reduction in the interest rate in exchange for paying discount points and end up with a lower monthly mortgage payment. Paying discount points doesn't reduce the amount borrowed.

As a rule of thumb, the mortgage's interest rate is reduced by a quarter of a percentage point for every discount point you pay. That's just a rough guide, though; the actual amount of the discount varies by

lender and can fluctuate in response to movements in the bond markets.

To find out whether you'll hold the mortgage past the break-even point, you must have a notion of how long you will keep the mortgage. If you plan to sell the house or refinance within two years, it probably doesn't make sense to pay discount points. On the other hand, if you plan to keep the mortgage for 10 years or more, you'll save money in the long run by paying points. The time in between can be trickier. Be sure to discuss your options with your mortgage lender to make a decision that works best for you.

*For responsible service in all your  
Real Estate needs, call*

**The Suzanne Dingley Team**

640-4205

**[suzannedingley.com](http://suzannedingley.com)**

*Free consultation*

We never stop moving.™

