HOME FINANCING, SIMPLIFIED

Interest Rate vs. APR

Two numbers that sound similar but tell you different things about a mortgage.

Interest rate

- The interest rate is used to calculate the interest portion of your mortgage payment.
- It does not, by itself, show every cost associated with obtaining the loan.

APR

- Annual Percentage Rate is a disclosure designed to reflect the interest rate plus certain finance charges over the loan term.
- APR can be useful when comparing similar loan structures, but it is not the same thing as your note rate or monthly payment.

How to compare quotes

- Compare the same loan type, term, down payment, lock period, and point or credit structure.
- Look at rate, APR, lender fees, third-party costs, monthly payment, and cash to close together.
- A very low advertised rate may require discount points or assumptions that do not fit your scenario.

Do not shop a mortgage by one number.

Ask for a side-by-side breakdown so you can see what you are paying today and what you may pay over time.

Run your numbers | kindredmortgage.com