

# MANAGING YOUR MONEY



## Test Your Knowledge Of Home-Owning Terms

(NAPSA)—Taking the following quiz may help you decide if you are ready to become a home-owner. The quiz covers some basic terms used in the process of securing a home mortgage.

### True or False?

1. The annual percentage rate (APR) is a rate that reflects the total cost of your mortgage loan.

2. Your credit history is the record of your open and fully repaid debts.

3. Your debt-to-income ratio is the relationship of what you owe each month on long-term debt divided by your gross monthly income, expressed as a percentage.

4. Discount points are the discounts given by certain mortgage lenders.

5. Equity is the part of your home that is owned by the bank.

### Answers

1. True. The APR reflects factors such as the interest rate on your mortgage loan, the term of the loan and other applicable costs of financing such as points, fees and certain closing costs.

2. True. A credit history helps a lender determine whether a potential borrower has a history of repaying debts in a timely manner.

3. True. It is also called the bottom ratio or back-end ratio.

4. False. Discount points are charges levied by the mortgage lender and usually payable at



**A new Web site helps visitors build on their knowledge of the home buying process.**

closing. One point represents one percent of the face value of the mortgage loan.

5. False. Equity is a home-owner's financial interest in a property. Equity is the difference between the fair market value of the property and the amount owed on its mortgage.

The best time to learn about terms such as these is not at or after your closing, but before you shop for a home.

A new Web site makes it easier to understand the important terms and steps involved in securing a home mortgage.

Visitors to [www.Century21Mortgage.com](http://www.Century21Mortgage.com) can use the site's online mortgage calculators to gain a better understanding of the economics of securing a home mortgage and reference the site's alphabetical list of relevant mortgage and real estate terms.

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