

How to Buy Your Own Home

Unit 3: Lesson 1: What you should know about mortgage loans

Comprehension check

Choose the best answer and circle the letter.

1. The most common length of repayment for a mortgage loan is
 - a. 2 years.
 - b. 15 years.
 - c. 30 years.

2. With a fixed-rate mortgage
 - a. your interest rate can change twice a year.
 - b. your interest rate stays the same throughout the loan period.
 - c. your interest rate starts out low but goes up after several years.

3. If you plan to move in a few years and aren't so concerned with interest rates going up later, you may want to get
 - a. a fixed-rate mortgage.
 - b. an adjustable-rate mortgage.
 - c. a loan with many added points.

4. Amounts of money you pay up front to lower your interest rate are called points. One point is equal to
 - a. an amount decided on by the lender.
 - b. 5 percent of the loan amount.
 - c. 1 percent of the loan amount.

5. If interest rates are going down at the time you are buying a house you should
 - a. lock in an interest rate right away.
 - b. think about buying a house at another time.
 - c. wait until the last minute to lock in an interest rate.