

What's the point? Your key to the Points Analyzer



When it comes to loans, one size doesn't fit all.

The decisions you make about paying points (or not) affect your interest rate, monthly payment, and the short- and long-term cost of your loan. (So yeah... kinda important.)

The Points Analyzer is here to help.

It makes your options quick, easy, and intuitive to compare, so your decisions are fully informed, totally tailored, and aligned with your goals, timeline, and budget.

Okay, but wow... that's a lot of numbers.

At first glance, the Analyzer looks like an impenetrable wall of numbers. But don't worry — we've got you.

If you love a good spreadsheet, you're in for a treat. If you're spreadsheet-skeptical, give this one a chance.

This guide will walk you through the Analyzer, section by section, helping you understand how it works and how to use it to choose the right rate and point combo with confidence.

Section A: Data Entry and Setup

A DATA ENTRY AND SETUP									
The magic starts with a little data entry. We'll set everything up using details from your purchase agreement and the specifics of your loan.									
loan type		payment elements		cash due at closing elements		fees split with seller			
loan term (years)	30	max piti	-	down payment	\$25,000				
loan type	fixed A1	insurance*	\$100.00	costs & credits		A2 BAC	\$12,500	seller paid	\$10,000
initial fixed period	n/a	tax	\$400.00	(+) BAC paid by you	\$2,500	closing costs A3	\$8,060		\$2,722
temporary buydown	2-1	monthly mi	\$79.17	(+) buyer closing costs	\$5,338	mortgage insurance, fha up-front mip or va funding fee			
loan basics		hoa dues	\$0.00	(+) prepaids	\$6,735	monthly A6			
purchase price	\$500,000	*cost of insurance is an estimate until you share a quote from your chosen insurance agent		(+) single mi, mip or va ff	\$0	conventional & va			
base loan amount	\$475,000			(-) tax prorates	\$0	monthly mi premium		0.20%	
total loan amount	\$475,000			(+) other cost	\$0	single mi premium or va funding fee		0.00%	
piggyback 2nd	\$0			(=) subtotal of costs/credits	\$14,573				
total borrowed	\$475,000	A5		(-) seller credits A4	\$11,000				
				(-) earnest money**	\$6,000				
**earnest money may not show on loan estimates or the initial closing disclosure, but will be credited at closing.									

The control panel. This is where we enter key details about your purchase, property, and loan. It's the engine behind the math, so you don't need to study it — but if you're proofing our work and something looks off, please let us know.

A1: Monthly insurance is an estimate until you provide a quote from your insurance agent. The final number affects your monthly payment and funds due at closing.

A2: Any amount of buyer's agent commission (BAC) that you're paying directly should be listed here.

A3: Local custom or negotiated terms determine how certain closing costs are split between you and the seller.

A4: If the seller is paying a credit toward your closing costs, you'll see it here.

A5: If earnest money is reflected here, it's already been credited toward the cash due at closing in Section B. (Don't subtract it again!)

A6: When applicable, mortgage insurance, up-front MIP, and funding fees can vary widely. Let us know if you have any questions about what you see here.

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Section B: Total Monthly Payment and Cash Needed to Close

TOTAL MONTHLY PAYMENT AND CASH NEEDED TO CLOSE									
B	Here's where the rubber hits the road: Your total monthly payment and estimated cash due at closing . The payment includes the loan, taxes, estimated insurance, MI, and HOA dues (as applicable) (even if you'll pay some elements separately). Earnest money and seller credits in section A have been subtracted -- cash due at closing is the net remaining amount due when you close.								
B1	rate	B2 piti*	B3 cash due at closing**	B4 Credits exceed costs!					
1	6.990%	\$3,736.17	\$15,680 \$19,000.0	You're leaving ~\$3,300 cash on the table.					
2	6.875%	\$3,699.58	\$17,248 \$19,000.0	You're leaving ~\$1,800 cash on the table.					
3	6.625%	\$3,620.65	\$20,297					B5	
4	6.500%	\$3,581.49	\$22,530						
5	6.375%	\$3,542.55	\$25,223						
6	6.125%	\$3,465.32	\$30,087						
*cost of insurance is an estimate until you share a quote from your chosen insurance agent **cash due at closing is our best estimate at this time, but approximate.									

If there are just two numbers you need to know, they're your monthly payment and the cash needed to close — and both are right here.

B1: We usually provide six interest rate options, listed from highest to lowest.

B2: The monthly payment shown includes everything: loan, taxes, insurance, and mortgage insurance (if applicable), and any HOA dues — even if you'll be paying some elements separately. Insurance costs may be estimated and subject to change.

B3: Cash due at closing reflects credits for any earnest money or seller credits in Section A. This number is our current best estimate, but it's still subject to change.

B4: Seller credits may not exceed actual costs. If it looks like any credit might go unspent, we'll call that out here — along with the amount you risk leaving on the table.

B5: If we sent your Analyzer with a loan summary, the matching option is highlighted for easy reference.

Section B1: Temporary Buydown Payment Schedule and Cost

TEMPORARY BUYDOWN PAYMENT SCHEDULE AND COST									
B1	The details behind your temporary interest rate buydown -- the cost of your buydown subsidy and how it affects your payment . Note: If the cost of the buydown exceeds the seller credit, you'll need to pay the difference, which will increase the amount due at closing. Conversely, if the seller credit is greater than the cost of the buydown, the excess amount will be credited to other costs, reducing the amount due at closing.								
	buydown type	year one B1.2		year two		year three		cost of subsidy	
B1.1	2-1	effective rate reduced by*	2.0%	effective rate reduced by*	1.0%	effective rate reduced by*	0.0%		
	rate	B1.3 piti	B1.4 monthly savings	piti	monthly savings	piti	monthly savings	B1.5 buydown subsidy	B1.6 Does the seller credit cover the full cost of the buydown?*
1	6.990%	\$3,126.17	(\$610.00)	\$3,423.98	(\$312.19)	\$3,736.16	\$0.00	\$11,066.28	No. You need ~\$100 more seller credit to cover the full cost.
2	6.875%	\$3,092.91	(\$606.67)	\$3,388.97	(\$310.61)	\$3,699.58	\$0.00	\$11,007.36	No. You need ~\$0 more seller credit to cover the full cost.
3	6.625%	\$3,021.33	(\$599.32)	\$3,313.53	(\$307.11)	\$3,620.64	\$0.00	\$10,877.16	Sure does...and the extra ~\$100 will reduce your closing costs.
4	6.500%	\$2,985.92	(\$595.56)	\$3,276.16	(\$305.32)	\$3,581.49	\$0.00	\$10,810.56	Sure does...and the extra ~\$200 will reduce your closing costs.
5	6.375%	\$2,950.77	(\$591.78)	\$3,239.03	(\$303.52)	\$3,542.55	\$0.00	\$10,743.60	Sure does...and the extra ~\$300 will reduce your closing costs.
6	6.125%	\$2,881.25	(\$584.06)	\$3,165.48	(\$299.84)	\$3,465.32	\$0.00	\$10,606.80	Sure does...and the extra ~\$400 will reduce your closing costs.
*a buydown subsidizes your payment but interest accrues at the full note rate							**if the subsidy is more than the seller credit, you'll pay the difference at closing		

If your loan includes a temporary buydown, this section breaks down the details — schedule, impact on your payment, total subsidy cost, and how your seller credit will be applied.

B1.1: Your buydown type. (e.g., 1-0, 2-1)

B1.2: The reduction to your effective rate and timeline.

B1.3: Your total monthly payment (loan, taxes, insurance, mortgage insurance, HOA dues) for each year of the buydown.

B1.4: Monthly payment savings for each year.

B1.5: Total cost of the buydown subsidy.

B1.6: A comparison of the subsidy amount and seller credit. If the credit exceeds the subsidy, the excess credit is applied to other closing costs. If it falls short, you'll need to cover the difference.

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Section C: Cost of Points and Cash Flow Break-Even

C COST OF POINTS AND CASH FLOW BREAK-EVEN									
Now we're getting to the point(s)! Each line shows your principal and interest payment (just the loan) and the cost of points or lender credit as a percentage and as a dollar amount. Calculation: difference in points ÷ difference in payment = quick & dirty cash flow break-even									
	rate	p&i	difference*	points (%)	lender credit (\$)	difference*	q&d cash flow break-even months	years	
1	6.990%	\$3,157.00		(0.609%)	(\$2,892.75)				
2	6.875%	\$3,120.41	\$36.59	(0.279%)	(\$1,325.25)	\$1,567.50	43	3.6	
3	6.625%	\$3,041.48	\$78.93	0.363%	\$1,724.25	\$3,049.50	39	3.2	
4	6.500%	\$3,002.32	\$39.16	0.833%	\$3,956.75	\$2,232.50	57	4.8	
5	6.375%	\$2,963.38	\$38.94	1.400%	\$6,650.00	\$2,693.25	69	5.8	
6	6.125%	\$2,886.15	\$77.23	2.424%	\$11,514.00	\$4,864.00	63	5.2	

**"difference" = the change in payment/cost when comparing the current option to the one on the next line up

It's called a Points Analyzer, so let's get to the (ahem) point. Here are your options for points or a lender credit, how points affect your rate and payment, and a "quick & dirty" break-even calculation.

C1: The monthly payment here is just principal and interest (not including taxes, insurance, mortgage insurance, or HOA dues).

C2: "Difference" shows the step-by-step change from the row above — in payment and in the cost of points.

C3: Points are shown both as a percentage of your loan and as a dollar amount.

C4: The "quick & dirty" break-even answers the question: how long does it take for each step down in payment to earn back the step up in the cost of points? It's simple and intuitive, but cash flow is just one piece of a larger puzzle.

Section D: Interest Paid and Principal Balance Over the Years

D INTEREST PAID AND PRINCIPAL BALANCE OVER THE YEARS													
Now, let's pop the hood on your payment and see how much interest you pay and what you'll owe over different periods of time. Notice how lowering your rate lowers your payment while simultaneously reducing the interest you pay and accelerating the rate at which you pay your loan down? Pretty neat trick.													
	end of year 1			end of year 2		end of year 3		end of year 5		end of year 15		end of year 30	
	D2 cumulative interest	D3 remaining principal		cumulative interest	remaining principal	cumulative interest	remaining principal	cumulative interest	remaining principal	cumulative interest	remaining principal	cumulative interest	remaining principal
1	6.990%	\$33,050	\$470,166	\$65,750	\$464,982	\$98,077	\$459,425	\$161,497	\$447,077	\$444,713	\$351,453	\$661,519	\$0
2	6.875%	\$32,502	\$470,057	\$64,654	\$464,764	\$96,430	\$459,095	\$158,747	\$446,523	\$436,553	\$349,879	\$648,348	\$0
3	6.625%	\$31,313	\$469,815	\$62,272	\$464,277	\$92,853	\$458,360	\$152,775	\$445,286	\$418,878	\$346,412	\$619,932	\$0
4	6.500%	\$30,719	\$469,691	\$61,082	\$464,026	\$91,066	\$457,982	\$149,792	\$444,652	\$410,074	\$344,656	\$605,836	\$0
5	6.375%	\$30,124	\$469,564	\$59,892	\$463,770	\$89,279	\$457,597	\$146,810	\$444,007	\$401,293	\$342,885	\$591,818	\$0
6	6.125%	\$28,936	\$469,302	\$57,512	\$463,245	\$85,707	\$456,806	\$140,855	\$442,686	\$383,805	\$339,298	\$564,014	\$0

Now let's look at the long game. For each rate option, here's how things play out over time — how much total interest you'll have paid and your remaining loan balance at various points in time.

D1: We've chosen timeframes that feel relevant to your decision-making, but if you'd like to see the numbers at a specific moment, just let us know.

D2: Interest is cumulative through the end of the year in the column heading, assuming no additional principal payments.

D3: The remaining principal balance is also as of year-end, assuming regular payments with no extra principal.

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Section E: CO\$TFLOW™ Schedule and Heatmap

CO\$TFLOW SCHEDULE AND HEATMAP							
E How does your loan affect your finances? You pay cash at closing, followed by payments split between principal and interest. A CO\$TFLOW Schedule is a visual representation of all three elements over time. With an at-a-glance view of the lowest-cost option each month of your loan term you can plan with clarity.							
year	month	1 6.990%	2 6.875%	3 6.625%	4 6.500%	5 6.375%	6 6.125%
1	1	-	\$1,396	\$4,347	\$6,530	\$9,173	\$13,938
	2	\$2,639	\$4,115	\$6,967	\$9,100	\$11,695	\$16,361
	3	\$5,401	\$6,832	\$9,584	\$11,669	\$14,213	\$18,780
	4	\$8,161	\$9,546	\$12,200	\$14,234	\$16,730	\$21,198
	5	\$10,919	\$12,259	\$14,813	\$16,798	\$19,244	\$23,613
	6	\$13,674	\$14,968	\$17,424	\$19,359	\$21,755	\$26,025
	7	\$16,427	\$17,676	\$20,032	\$21,918	\$24,265	\$28,435
	8	\$19,178	\$20,381	\$22,638	\$24,474	\$26,771	\$30,843
	9	\$21,926	\$23,084	\$25,241	\$27,028	\$29,276	\$33,248
	10	\$24,672	\$25,784	\$27,843	\$29,580	\$31,778	\$35,651
	11	\$27,416	\$28,482	\$30,441	\$32,129	\$34,277	\$38,052
	12	\$30,157	\$31,177	\$33,037	\$34,675	\$36,774	\$40,450
2	13	\$32,896	\$33,870	\$35,631	\$37,220	\$39,269	\$42,845
	14	\$35,632	\$36,561	\$38,223	\$39,761	\$41,761	\$45,238
	15	\$38,366	\$39,249	\$40,811	\$42,300	\$44,250	\$47,628
	16	\$41,097	\$41,935	\$43,398	\$44,837	\$46,737	\$50,016
	17	\$43,826	\$44,618	\$45,981	\$47,371	\$49,222	\$52,401
	18	\$46,552	\$47,298	\$48,563	\$49,903	\$51,704	\$54,784
	19	\$49,276	\$49,977	\$51,141	\$52,432	\$54,183	\$57,164
	20	\$51,998	\$52,652	\$53,718	\$54,958	\$56,660	\$59,542
	21	\$54,716	\$55,325	\$56,291	\$57,482	\$59,134	\$61,917
	22	\$57,433	\$57,996	\$58,862	\$60,004	\$61,606	\$64,289
	23	\$60,146	\$60,664	\$61,431	\$62,522	\$64,075	\$66,659
	24	\$62,857	\$63,329	\$63,997	\$65,039	\$66,542	\$69,026
3	25	\$65,566	\$65,992	\$66,560	\$67,552	\$69,005	\$71,391
	26	\$68,272	\$68,652	\$69,120	\$70,063	\$71,466	\$73,752
	27	\$70,975	\$71,309	\$71,678	\$72,571	\$73,925	\$76,112
	28	\$73,676	\$73,964	\$74,233	\$75,076	\$76,381	\$78,468
	29	\$76,374	\$76,616	\$76,786	\$77,579	\$78,834	\$80,822
	30	\$79,069	\$79,266	\$79,336	\$80,079	\$81,284	\$83,173
	31	\$81,762	\$81,912	\$81,883	\$82,577	\$83,732	\$85,521
	32	\$84,452	\$84,556	\$84,427	\$85,071	\$86,177	\$87,867
	33	\$87,139	\$87,198	\$86,969	\$87,563	\$88,619	\$90,209
	34	\$89,823	\$89,836	\$89,508	\$90,052	\$91,058	\$92,549
	35	\$92,505	\$92,472	\$92,044	\$92,539	\$93,495	\$94,887
	36	\$95,184	\$95,105	\$94,577	\$95,022	\$95,929	\$97,221
4	37	\$97,860	\$97,735	\$97,108	\$97,503	\$98,360	\$99,553
	38	\$100,533	\$100,363	\$99,636	\$99,981	\$100,788	\$101,881
	39	\$103,204	\$102,987	\$102,160	\$102,456	\$103,213	\$104,207
	40	\$105,872	\$105,609	\$104,683	\$104,928	\$105,636	\$106,530
	41	\$108,536	\$108,228	\$107,202	\$107,398	\$108,055	\$108,851
	42	\$111,198	\$110,844	\$109,718	\$109,864	\$110,472	\$111,168
	43	\$113,858	\$113,457	\$112,231	\$112,328	\$112,886	\$113,482
	44	\$116,514	\$116,067	\$114,742	\$114,788	\$115,296	\$115,794
	45	\$119,167	\$118,675	\$117,249	\$117,246	\$117,704	\$118,102
	46	\$121,817	\$121,279	\$119,754	\$119,701	\$120,109	\$120,408
	47	\$124,465	\$123,880	\$122,255	\$122,152	\$122,511	\$122,711
	48	\$127,109	\$126,479	\$124,754	\$124,601	\$124,910	\$125,010
5	49	\$129,751	\$129,074	\$127,250	\$127,047	\$127,306	\$127,307
	50	\$132,389	\$131,657	\$129,741	\$129,490	\$129,699	\$129,699

Here's where it all comes together. You're bringing **cash to closing**, then making monthly payments that are a blend of **principal and interest**.

CO\$TFLOW™ = points + interest paid: principal paid down

The CO\$TFLOW™ schedule lets you see your total loan cost over time, at a glance.

Is paying points worth it? It depends on how long you plan to keep your loan. The heatmap makes it easy to spot the all-in lowest cost option each month of your entire loan term.

Over the short term, prioritize lower up-front costs. Over the longer term, prioritize a lower interest rate. And if you're unsure, strive for a balanced approach. The heatmap makes it easy to spot the timeline tipping points and make the right call.

E1: Each row represents one month of your loan, across all six loan options.

E2: Each cell includes the total of points paid (or credit received), cumulative interest paid, and principal reduction, assuming no extra principal payments.

E3: The darkest green cell in each row marks the lowest-cost option for that time horizon.

E4: Think about how long you guess you'll keep the loan, but also how each option performs if your plans change, or future rates or other circumstances aren't what you expect.

Wrapping Up

Thank you for the opportunity to help with your loan — we're excited and honored to be part of your homebuying journey.

We hope this tour has been helpful and that Points Analyzer makes your decision about your interest rate and discount points clearer and easier.

Reach out with any questions!

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Guaranteed Rate does not provide tax advice, credit counseling or credit repair services. Please contact your tax adviser for any tax related questions. Applicant subject to credit and underwriting approval. Not all applicants will be approved for financing. Receipt of application does not represent an approval for financing or interest rate guarantee. Restrictions may apply, contact Guaranteed Rate for current rates and for more information.

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