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Par rate: A rate of interest on a loan for which the lender does not charge (nor pay) points. An interest rate lower than the *par* rate would cost the broker money; an interest rate higher than the *par* rate would pay the broker a commission. [The par rate can vary, depending on the qualifications of a particular borrower.]

Plat: A map of a specific area of land (such as a town or subdivision) showing the boundaries of individual parcels, and usually showing parks, streets, and easements. Plats are mapped out by surveyors when land is subdivided and then filed with the county recorder's office. Individual parcels are identified in the county records by the name of the plat, and the block number and lot number shown on the plat map.

Points: A point equals 1 percent of a mortgage. Lenders sometimes charge "origination points" to cover expenses of making a loan. Also, borrowers sometimes pay "discount points" to reduce the loan's interest rate.

Pre-Approval: A commitment in writing from a lender that a borrower would qualify for a particular loan amount based on income and credit information.

Pre-qualify: When a lender informally evaluates a borrower's finances to determine how much he or she can afford to borrow and on what terms.

Prime Rate: The published interest rate at which banks make short-term unsecured loans to their best customers. The rate generally is the same across all major banks, and adjusts at the same time.

Principal: The original amount of a debt; a sum of money agreed to by the borrower and the lender to be repaid on a schedule. Interest is calculated as a percentage of principal.

Principal, Interest, Taxes, and Insurance (PITI): The four elements that make up a monthly mortgage payment. The principal and interest payments go towards repaying the loan, while taxes and insurance (homeowner's and mortgage, if applicable) goes into an escrow account to cover the fees when they are due.

Private Mortgage Insurance (PMI): (See Mortgage insurance)

Principal: The amount of money borrowed from a lender, not including interest or additional fees.