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Index: A measurement used by lenders to determine changes to the interest rate charged on an adjustable rate mortgage.

Inflation: A rise in the general level of prices. Inflation is usually calculated as the annual change in the Consumer Price Index, also known as the retail price index.

Interest: A rate or fee charged for the use of borrowed money.

Interest rate: Usually expressed as a percentage, it is the amount of interest charged that determines a monthly loan payment.