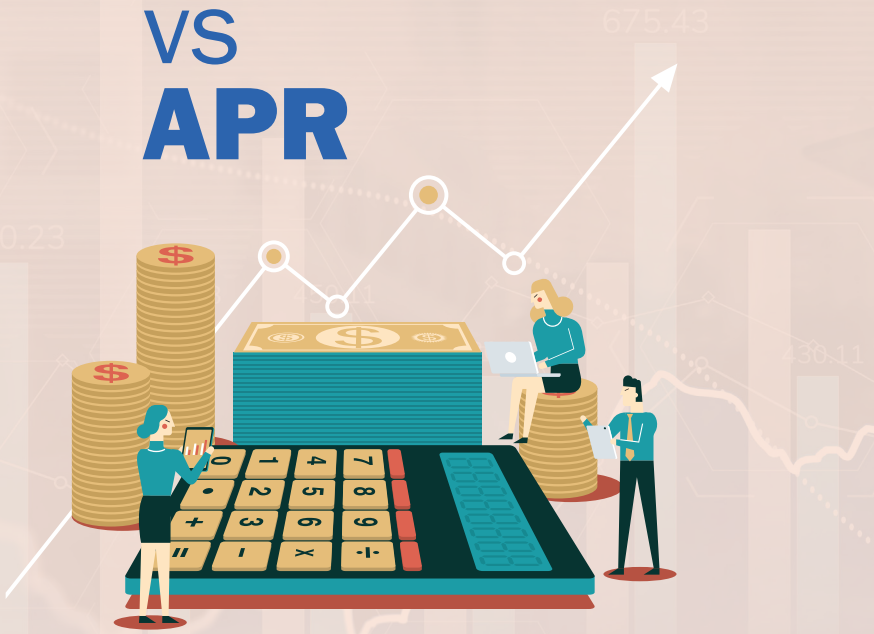


# Interest Rate VS APR



The **interest rate** on a loan is the **rate of interest the lender charges the borrower** for the loan.

The **APR** on a loan is the **approximate annual cost of borrowing money from a financial institution** represented as a percentage of the entire loan amount.

The APR includes the interest expense of the loan. It can also include:



**Closing costs**



**Loan origination fees**



**Mortgage insurance**



**Broker fees**



**Rebates**



When comparing two loans, the loan with the **lower interest rate** will generally give you the better value.

Loans with **low APRs** cost less over 30 years, but usually come with **extra upfront fees**. It can take years to break even on these expenses. »

