

Agent--An individual who represents a seller, a buyer or both in the purchase or sale of real estate.

Amortization--The schedule of loan payments that establishes the amount of payment to be applied to the principal the amount to be applied to interest, usually on a monthly basis, for the full term of the loan.

Annual Percentage Rate (APR)--The TOTAL interest rate of a mortgage, including the stated loan interest as well as any upfront interest paid in securing the loan. The APR will invariably differ from the mortgage rate quoted due to the inclusion of these items.

Appraisal--An estimate of value of a Real Estate property by a professional third party. Virtually all non-owner financed mortgages will require an appraisal and is generally paid for by the buyer.

Adjustable Rate Mortgage (ARM)--A mortgage in which the Interest rate is adjustable, meaning that the rate can go up or down according to prevailing financial market conditions.

Assessment--The value of a property as determined by the local tax jurisdiction which is used to determine the amount of your property taxes.

Buyer's Agent--A Real Estate Agent that has made an agreement to represent the buyer exclusively, rather than the seller.

Comparable Market Analysis (CMA)-- A comparison of the prices

of similar houses in the same general geographic area. A CMA is used to help determine the value of a property, either for a seller or a buyer.

Closing--The process that affects the final transfers of the deed from the seller to the buyer, as well as finalize all aspects of the mortgage of the property.

Closing Costs--Funds needed at the time of closing (separate from and in addition to the down payment). Loan origination fees, discount points, Attorney fees, recording fees and pre-paid amounts are some items that may be included. They often will total from 3% to 5% of the price of the home, payable in cash.

Contingencies--These are conditions--or "safety valves" written into Real Estate offers and contracts to prevent a buyer from being forced to buy a house that is unsatisfactory--either structurally or financially. Examples of contingencies are "This contract is subject to the buyer obtaining a satisfactory whole house inspection." or "Subject to the buyer being able to obtain a mortgage."

Condominium--Housing where the owner owns only the unit in which the live--from the interior walls inward, generally--as well as a portion of the common area.

Debt to Income Ratio--Calculated as the ratio of the borrowers' total of debt as a percentage of their total gross income.

Deed--The document that, when

recorded with your local government, determines ownership of a property. This will be transferred from seller to buyer at closing.

Earnest Money--Money that is submitted with an offer to purchase which indicates a buyer's seriousness and good faith. In virtually all cases, earnest money will need to be submitted at the time of the offer and remains in escrow until the time of closing, at which time it becomes part of the down payment.

Equity--The difference between the value of a property and the total of any outstanding mortgages or loans against it.

Escrow--Funds held in reserve both prior to closing (for example the earnest money and deposit) by a third party and after closing by the mortgage company to pay future taxes and homeowners insurance. In some areas, "escrow" also refers to the closing process.

Fixed Rate Mortgage--A mortgage loan where the interest rate is established at its origination and continues unchanged through the life of the loan.

FSBO (For Sale By Owner)--Real Estate that is sold without the assistance of an Agent. FSBO can refer to both the individual selling the property "They are a FSBO," or the property itself "that house is a FSBO."

Foreclosure--The process through which a lender takes back property from a defaulting owner and re-sells it.

Homeowner's Association --An owners group, whether in a condominium, townhouse or single family subdivision that establishes general guidelines for the operation of the community, as well as its standards.

Inspection--A whole house inspection of a home being considered for purchase which looks for defects in the property.

Interest--That portion of a mortgage payment that is the "charge" for using the lender's funds.

Lien-- A legal claim against a piece of property that can prevent it from being sold unless the lien is satisfied (paid off). Liens can be filed by unpaid contractors or other debtors in a legal process so that they will be paid when a property is sold.

Listing--A property for sale by a Real Estate Brokerage and Agent.

Loan Origination Fee--A charge imposed by the lender, payable at closing, for processing the loan. See "points".

Lock-in--An agreement by the lender at the time of mortgage application or shortly thereafter, to write the mortgage at a specific interest rate, whether rates rise or fall up to the date of closing. Obviously a good move if rates are rising, not so good if they are falling. Lock-ins has specific expiration dates, such as 30, 60 or 90 days in the future.

LTV (Loan to Value)-Calculated as the ratio of the amount of the mortgage as a percentage of the value of the property.

MLS (Multiple Listing Service) -An online listing (search engine database) of all the properties for sale by Real Estate Brokerages in a given geographical area.

PMI (Private Mortgage Insurance)--Required on virtually all conventional loans with less than 20% down payment. Although the payments for PMI are included in your mortgage payment, it protects the lender should you default on the loan. On FHA loans, you will pay a MIP (Mortgage Insurance Premium) which accomplishes the same purpose.

Points--1 point is equal to 1% of the loan value, paid at closing. Points can be loan origination fees or "discount points" which reduce the interest rate of the loan (you are actually paying a finance charge up front). When a lender, for example, quotes a rate of 8 1/2% with 1 + 1 points, 1 point is for the origination fee and 1 point is for the discount fee.

Prequalification--The first stage of a mortgage application where the lender will run a basic credit report and determine your debt to income ratio in order to see how much mortgage you qualify for.

Pre-paid--Paid for (in cash) at closing for such items as homeowners insurance for one year and real estate taxes for several months.

Principal--The amount borrowed for a mortgage loan. Your monthly mortgage payment will be applied to both the interest and the principal (be assured, though, that the lions

share will go to the interest portion in the first years of the loan).

--An annual or semi-annual tax paid to one or more governmental jurisdictions based on the amount of the property assessment. This is generally paid as part of the mortgage payment.

Recording--The act of entering deed and/or mortgage information into public record with your local government jurisdiction.

Sub-Agent--A Real Estate Agent who is working with a buyer but who represents the seller in the transaction.

Title Insurance--Protects your title--your ownership rights--from claims against it. Paid at closing, title insurance may be the responsibility of the buyer, the seller, or both, depending on what is traditional in your locality.

Warranty--Covers either most of the house in a new home, or selected items (for example the heating and air conditioning system or the water heater) in a used home. Warranties can vary widely and are optional in used homes (paid for by either the buyer or the seller).

Zoning--Laws that govern specifically how a zoned area can be used. For example, an area may be zoned for single family residential, condominiums, commercial or retail, or a mix of two or more uses.