*Use this list to help you understand the definitions of important home buyer terminology.*

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| Term | Definition |
| Adjustable-Rate Mortgage (ARM) | A loan with an interest rate that changes based on a financial index causing monthly payments to rise and fall. |
| Amortization | Paying off your debt in incremental payments, instead of one full payment. |
| Appraisal | A professional report from a 3rd party that estimates the value of a property for you. |
| Closing | The final meeting where both parties sign the required paperwork and ownership of the property is transferred from the home seller to you. |
| Closing Costs | Additional fees associated with the transaction, not including the cost of the home. |
| Contingencies | Required conditions that must be met before the closing. The contract can be cancelled if these conditions are not met. |
| Debt Ratio | The ratio between your income and debt. A loaner will use this ratio to determine the amount of money they are willing to loan you. |
| Down Payment | The upfront cash payment for a property, the remaining is paid through a mortgage. |
| Earnest Money | The deposit you pay when you sign the contract to show you’re a serious buyer. |
| Escalation Clause | A clause in a contract that increases your offer when a new offer is made. |
| ESCROW | Money, deed, or other documents kept in the custody of a 3rd party – closes once all contingencies are met. |
| Equity | The value of the property minus the amount left on your mortgage. |
| Final Walkthrough | The last inspection of the property before signing the closing documents. |
| Fixed-Rate Mortgage | The opposite of ARM – a loan with an interest rate that stays consistent. |
| Foreclosure | When ownership of a property transfers to the lender due to failed payments by the buyer. |
| Home Inspection | A report by a professional that examines the issues of the property, structure, roof, etc. |
| Lender | An entity, usually a bank, that issues a loan for you to purchase a home. |
| Mortgage | The loan from a lender or bank used to purchase your home. |
| Multiple Listing Service (MLS) | The list of properties that are for sale – the most reliable source for listing information. |
| Pending | When an offer was accepted, the contract is signed, and all contingencies are met. |
| Pre-Approval | The lender’s process of accessing your financial capabilities - based on your income, debts, credit score, employment history and assets. |
| Pre-Qualification | A lender has pre-determined that you qualify for a loan to purchase a property. |
| Property Tax | The local taxes you’re required to pay – included in your total monthly mortgage payment. |
| Settlement Statement (aka HUD) | The document with your sales transaction and closing costs. |
| Title (aka Title Deed) | The legal document that shows the history of ownership and transfers of a property – proves you are the current and rightful owner of the property. |
| Under Contract | The seller and buyer have agreed to a contract, but contingencies have not been met. |
| VA Loan | Mortgages issued to United States veterans – issued by the Department of Veteran Affairs. |

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Thank you for completing this questionnaire!  
Please do not hesitate to give me a call if you have any questions.