



Glossary of Homeownership Terms

- A-

acceleration clause

A clause that allows a lender to declare the entire outstanding balance of a loan immediately due and payable should a borrower violate specific loan provisions or default on the loan.

adjustable rate mortgage (ARM)

A variable or flexible rate mortgage with an interest rate that varies according to a specific financial index. To limit a borrower's risk, an ARM may have a payment or rate cap.

amenities

Features of a home that fits personal preferences and can increase the value of the property. Some examples include the number of bedrooms and bathrooms or proximity to public transportation.

amortization

The liquidation of a debt by regular, usually monthly, installments of principal and interest. An amortization schedule is a table showing the payment amount, interest, principal and unpaid balance for the entire term of the loan.

annual cap

A limit to how much an adjustable rate mortgage's monthly payment or interest rate can increase. A cap is meant to protect the borrower from large or indefinite increases. An annual cap limits the amount an interest rate can increase over a twelve-month period.

annual percentage rate (A.P.R.)

The actual interest rate by taking into account discount points and other finance charges over the projected life of a mortgage. Disclosure of the APR is required by the federal Truth-in-Lending Law and allows borrowers to compare the actual costs of different mortgage loans.

appraisal

An estimate of a real property's value as of a given date, as determined by a qualified professional appraiser. The value may be based on replacement cost, the sales of comparable properties or the property's income-producing ability.

appreciation

A real property's increase in value due to inflation or other economic factors.

A.P.R.

See [Annual Percentage Rate](#).

ARM

See Adjustable Rate Mortgage.

assessment

Charges levied against real property for tax purposes or to pay for municipal or association improvements such as curbs, sewers, or grounds maintenance.

assignment

The transfer of a contract or a right to buy real property at given rates and terms from a mortgagee to another person.

assumption

An agreement between a buyer and a seller, requiring a lender's consent and approval, whereby the buyer takes over the payments for a mortgage and accepts all liability. Assuming a loan can be advantageous for a buyer; the closing costs may be reduced, and the loan's interest rate may be lower than current market rates. However, the lender could increase the interest rate, require the buyer to qualify for the mortgage, or not permit the buyer to assume the loan at all.

- B -

balloon mortgage

A mortgage with a final lump sum payment that is greater than preceding payments and pays the loan in full.

bi-weekly mortgage

A loan requiring payments of principal and interest amounts at two-week intervals. This type of loan amortizes faster than a monthly payment loan. The payment for a bi-weekly mortgage is half what a monthly payment would be.

bond

A certificate serving as security for payment of a debt. Bonds backed by mortgage loans are pooled together and sold on the [secondary market](#).

bridge loan

A loan to bridge the gap between the termination of one mortgage and the beginning of another, such as when a borrower purchases a new home before receiving the cash proceeds from the sale of a prior home, also known as a swing loan.

broker

An intermediary between a borrower and a lender. The broker may represent several lending sources and charges a fee or commission for their services.

buy-down

A type of mortgage which requires a buyer to pay additional discount points or make a substantial down payment in return for a lower interest rate. Another form of a buy-down is one in which a seller offers to pay closing costs, such as the origination fee. During times of high interest rates, the seller may offer such concessions as a way to induce a buyer to purchase their property.

- C -

cap

A limit of how much an adjustable rate mortgage's monthly payment or interest rate can increase. A cap is meant to protect a borrower from large or indefinite increases; the cap may be a payment cap, an interest cap, a life-of-loan cap or an annual cap. A payment cap is a limit on the monthly payment amount; an interest cap is a limit on the amount of an interest rate; a life-of-loan cap restricts how much an interest rate can increase over the entire term of the loan; and an annual cap limits the amount an interest rate can increase over a twelve-month period.

certificate of reasonable value (CRV)

A Veterans Administration appraisal that establishes the maximum VA mortgage loan amount for a specified real property.

closed-end mortgage

A mortgage principal amount that is fixed and cannot be increased during the life of the loan.

closing costs

Costs paid by a buyer at the time of settlement, during the process of finalizing a real property transaction. These costs can be up to 10% of the mortgage amount and usually include but are not limited to the following items:

- Appraisal fee
- Assumption fee if loan is assumed
- Credit report fee
- Discount points
- Hazard insurance premium
- Inspection and survey fees
- Interest from closing date to start of first payment
- Legal and recording fees
- Mortgage insurance premium
- Origination fee
- Processing and document preparation fees
- Property taxes and other adjustments
- Title search and title insurance

cloud

A claim to the title of a real property that, if valid, would prevent a purchaser from obtaining a clear title.

collateral

Something of value pledged as security for a loan. In mortgage lending, a real property serves as collateral for a mortgage loan.

commitment fee

A fee charged when an agreement is reached between a lender and a borrower for a loan at a specific rate and points and the lender guarantees to lock in that rate.

co-mortgagor

One who is individually and jointly obligated to repay a mortgage loan and shares ownership of a real property with one or more borrowers.

condominium

An individually owned unit within a multi-unit building where other owners or the condominium owners' association share ownership of common areas such as grounds, parking facilities and tennis courts.

conforming loan

A loan that conforms to Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC) guidelines.

construction loan

A short-term loan to finance improvements to real property, such as the building of a new home. A lender advances funds to a borrower as needed while construction progresses. Upon completion of construction, the borrower must obtain permanent financing in order to repay the construction loan in full.

consumer handbook on adjustable rate mortgages (C.H.A.R.M.)

A disclosure booklet required by the federal government to be given to a borrower applying for an adjustable rate mortgage (ARM).

conventional loan

A mortgage loan that is not insured, guaranteed or funded by the Veterans Administration (VA), the Federal Housing Administration (FHA) or Rural Economic Community Development (RECD) (formerly Farmers Home Administration).

convertible mortgage

An adjustable rate mortgage (ARM) that allows a borrower to switch to a fixed-rate mortgage at a specified point during the loan term.

co-signer

A person who is obligated to repay a mortgage loan should the borrower default but who does not share ownership in the property.

covenants

Rules and restrictions governing the use of real property.

CRV

Stands for Certificate of Reasonable Value, which is a Veterans Administration appraisal that establishes the maximum VA mortgage loan amount for a specified real property.

curtailments

A borrower's privilege to make payments on a loan's principal before they are due. Paying off a mortgage before it is due may incur a penalty if so specified in the mortgage's prepayment clause.

- D -

debt

Money owed to repay an obligation.

debt-to-income ratio (D/I)

The difference between a borrower's monthly payment obligations divided by his or her gross monthly income (conventional loans) or net effective income (FHA or VA loans), expressed as a percentage.

deed

A legal document that transfers the ownership of real property from one party to another.

deed of trust

Used in many states in place of a mortgage, a document held by a trustee pending repayment of the loan. The advantage of a deed of trust is that the trustee does not have to go to court to proceed with foreclosure should the borrower default on the loan.

Department of Housing and Urban Development (HUD)

The U.S. government agency that administers FHA, GNMA and other housing programs.

discount points

A percentage of the loan amount paid to a lender to buy down the interest rate. Each point is 1% of the loan amount. For example, two points on a \$100,000 mortgage is \$2,000.

down payment

The difference between the purchase price and mortgage amount. The down payment becomes the property's equity. Typically it comes from cash savings, but it can also be a gift that is not to be repaid or a borrowed amount secured by assets.

due-on-sale

A clause in a mortgage or deed of trust allowing a lender to require immediate payment of the balance of the loan if the property is sold (subject to the terms of the security instrument).

duplex

A dwelling divided into two units.

- E -

earnest money

A deposit in the form of cash or a note given to a seller by a buyer as good faith assurance that the buyer intends to go through with the purchase of real property.

easement

The right one party has in regard to the real property of another, such as the right of a public utility company to lay lines.

Equal Credit Opportunity Act / Regulation B

A federal law that promotes the availability of credit to all creditworthy applicants and prohibits lenders and other creditors from discriminating based on race, color, sex, religion, national origin, age, marital status, the receipt of public assistance or because an applicant has in good faith exercised any rights under the Consumer Credit Protection Act. Creditors are required to notify applicants of action taken on their applications; to report credit history in names of both spouses on an account; to retain records of credit applications; to collect information about the applicant's race and other personal characteristics in applications for certain dwelling-related loans; and to provide applicants with copies of appraisal reports used in connection with credit transactions.

equity

The value of real property beyond any [liens](#) against it. Also referred to as the owner's interest.

escape clause

A provision allowing one party or more to cancel all or part of a contract if certain events fail to happen, such as the ability of a buyer to obtain financing within a specified period.

escrow

Money placed with a third party for safekeeping either for final closing on real property or for payment of taxes and insurance throughout the year.

- F -

Fair and Accurate Credit Transaction (FACT) Act, an amendment to the Fair Credit Reporting Act / Regulation V

A federal regulation requiring financial institutions that furnish information to a nationwide consumer reporting agency to provide notice about furnishing negative information, in writing, to the consumer either before or immediately following the delivery of negative information. Anyone who makes or arranges for a loan and uses a credit score is required to provide a 'Notice to the Home Loan Applicant', disclosing information on the credit bureaus providing the credit scores.

Fair Housing Act

A federal regulation that prohibits discrimination in housing on the basis of race, color, religion, sex, national origin, familial status, and disability.

fair market value

The price real property can realistically be sold, based upon comparable selling prices of other properties in the same area.

FannieMae

Nickname for [Federal National Mortgage Association \(FNMA\)](#).

Federal Home Loan Mortgage Corporation (FHLMC or FreddieMac)

A quasi-governmental, federally-sponsored organization that acts as a [secondary market](#) investor to buy and sell mortgage loans. FHLMC sets many of the guidelines for conventional mortgage loans, as does FNMA.

Federal Housing Administration (FHA)

An agency within the Department of Housing and Urban Development that sets underwriting standards and insures residential mortgage loans made by private lenders. One of FHA's objectives is to help make affordable mortgages available to borrowers with low- or moderate-income. FHA loans may have a high loan-to-value and are limited by the loan amount. FHA mortgage insurance requires a fee of 1.50% of the loan amount to be paid at closing, as well as an annual fee of 0.50% of the loan amount is added to each monthly payment.

Federal National Mortgage Association (FNMA or FannieMae)

A private corporation that acts as a [secondary market](#) investor to buy and sell mortgage loans. FNMA sets many of the guidelines for conventional mortgage loans, as does FHLMC. The major purpose of this organization is to make mortgage money more affordable and readily available.

fee simple

The maximum form of ownership, with the right to occupy real property and sell it to a buyer at any time. Upon the death of the owner, the property goes to the owner's designated heirs. Also known as fee absolute.

FHA

See [Federal Housing Administration](#).

fifteen-year mortgage

A loan with a term of 15 years. Although the monthly payment on a 15-year mortgage is higher than that of a 30-year mortgage, the amount of interest paid over the life of the loan will be substantially less.

first mortgage

There can be multiple loans used to purchase a real property or to use the property as collateral. The mortgage that has first claim in the event of a default or foreclosure is called a first mortgage.

fixed-rate mortgage

A mortgage with an interest rate that remains constant throughout the life of the loan.

flood insurance

A form of insurance that protects the owner of an insured real property against losses stemming from flood damage. The Federal Flood Disaster Protection Act of 1973 requires that federally-regulated lenders determine if real estate to be used to secure a loan is located in a Specially Flood Hazard Area (SFHA). If the property is located in a SFHA area, the borrower must obtain and maintain flood insurance on the structure. Most insurance agents can assist in obtaining flood insurance.

FNMA

See [Federal National Mortgage Association](#)

FreddieMac

Nickname for Federal Home Loan Mortgage Corporation (FHLMC).

- G -

gift

A sum of money used for down payment on a purchase that does not have to be repaid; includes amounts from a relative or a grant from the borrower's employer, a municipality, or from non-profit religious and community organizations.

GinnieMae

Nickname for Government National Mortgage Association (GNMA).

good faith estimate

An estimate of closing costs and monthly mortgage payments on a mortgage transaction and provided by the lender to an applicant within three business days of applying for a loan.

Government National Mortgage Association (GNMA or Ginnie Mae)

A government organization that participates in the [secondary market](#), securitizing pools of FHA, VA, and RHS loans.

graduated payment mortgage (GPM)

A fixed-interest loan with lower payments in the early years than in the later years. The amount of the payment gradually increases over a period of time and then levels off to a payment amount sufficient to pay off the loan over the remaining amortization period.

Gramm-Leach-Bliley Act / Regulation P

A federal law requiring a financial institution to: Provide notice to customers about its privacy policies and practices; describe the conditions under which a financial institution may disclose non-public, personal information about consumers to non-affiliated third parties; and provide a method for consumers to prevent a financial institution from disclosing that information to most non-affiliated third parties by 'opting out' of that disclosure.

- H -

hazard insurance

A form of insurance that protects the owner of an insured real property against losses from physical damage such as fire and tornadoes. Mortgage lenders require a borrower to maintain an amount of hazard insurance on the structure that is at least equal to the amount of the mortgage loan.

home equity loan

A second mortgage on a borrower's residence, in a second position behind the first mortgage, often for the purpose of making home improvements or debt consolidation.

home inspection

A thorough review of the physical aspects and condition of a home by a professional home inspector. This inspection should be completed prior to closing so that any repairs or changes can be completed before the transfer of the home is completed.

homeowner's insurance

Housing and Urban Development (HUD)

The U.S. government agency that administers FHA, GNMA and other housing programs.

housing affordability index

An index that indicates what proportion of homebuyers can afford to buy average-priced homes in specified areas. The most well known housing affordability index is published by the National Association of Realtors.

housing expense-to-income ratio

The housing expense-to-income ratio is the ratio between a borrower's total monthly housing payment divided by his or her gross monthly income (conventional loans) or net effective income (FHA or VA loans).

HUD

See [Housing and Urban Development](#).

- I -

income approach to value

A method used by real estate appraisers to predict a real property's anticipated future income. Income properties include shopping centers, hotels, motels, restaurants, apartment buildings and office space.

income-to-debt ratio

Also known as the debt-to-income ratio (D/I), this is the difference between a borrower's monthly payment obligations divided by his or her gross monthly income (conventional loans) or net effective income (FHA or VA loans).

index

A published interest rate compiled from other indicators such as U.S. Treasury bills or the monthly average interest rate on loans closed by savings and loan organizations. Mortgage lenders use the index figure to establish rates on adjustable rate mortgages (ARMs).

insurance

As a part of PITI, usually the hazard insurance amount of the monthly mortgage payment that does not include the principal, interest, and taxes; could also include flood insurance and private mortgage insurance, if applicable..

interest

A charge for borrowed money, generally expressed as a percentage of the amount borrowed. As a part of PITI, the amount of the monthly mortgage payment which does not include the principal, taxes, and insurance.

interest cap

A limit to how much an adjustable rate mortgage's interest rate can increase. A cap is meant to protect a borrower from large or indefinite increases.

interest rate

The simple interest rate, stated as a percentage, charged by a lender on the principal amount of borrowed money.

- J -

joint tenancy

Equal ownership of real property by two or more parties, each with the right of survivorship.

jumbo loan

A nonconforming loan that is larger than the loan limits set by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC) guidelines.

- K -

key lot

Real estate deemed highly valuable because of its location.

- L -

lien

A claim against real property for the payment of a debt. A mortgage is a lien; other types of property liens include a tax lien for overdue taxes or a mechanic's lien for unpaid debt to a contractor.

life-of-loan cap

A life-of-loan cap restricts the amount the interest rate can increase over the entire term of the loan. A cap is meant to protect a borrower from large or indefinite increases.

liquidity

The ease with which an asset can be converted into cash.

loan origination fee

The amount charged by a lender to originate and close a mortgage loan. Origination fees are usually expressed in [points](#). Each point is 1% of the loan amount; for example, two points on a \$100,000 mortgage is \$2,000.

loan-to-value ratio (LTV)

The relationship, expressed as a percentage, between the amount of a proposed loan and a real property's appraised value. For example, a \$75,000 loan on a property appraised at \$100,000 equals a 75% loan-to-value ratio.

lock-in

The guaranty of a specific interest rate and/or points for a specific period of time. Some lenders will charge a fee to lock-in an interest rate.

- M-

maintenance costs

The cost of the upkeep of a house. These costs may be minor in amount and nature (replacing washers in the faucets) or major (new heating system or a new roof) and can apply to either the interior or exterior of the structure.

margin

The amount a lender adds to the index of an adjustable rate mortgage to establish an adjusted interest rate. For example, a margin of

1.50 added to a 7% index establishes an adjusted interest rate of 8.50%.

market value

The price for which a real property can realistically be sold, based upon comparable selling prices of similar properties in the same geographical area.

modification

A change in the terms of the mortgage note, such as a reduction in the interest rate or a change in maturity date.

mortgage

A legal instrument in which real property serves as security for the repayment of a loan. In some states, a deed of trust is used rather than a mortgage.

mortgage banker

A lender that originates, closes, services and sells mortgage loans to the secondary market.

mortgage broker

An intermediary between a borrower and a lender. A mortgage broker's expertise lies in helping borrowers find financing that they might not otherwise find themselves.

mortgage insurance

Money paid to insure the lender against loss due to foreclosure or loan default. Mortgage insurance is required on conventional loans with less than a 20% down payment. FHA mortgage insurance requires a payment of 1.50% of the loan amount to be paid at closing, as well as an annual fee of 0.50% of the loan amount added to each monthly payment.

mortgage interest

The interest rate charged for borrowing money for a mortgage. It is used to calculate the interest payment on the mortgage each month.

mortgage term

The length of time that a mortgage is scheduled to exist. Example: a 30-year mortgage term is for 30 years.

mortgagee

The lender.

mortgagor

The borrower.

- N-

negative amortization

A situation in which a borrower is paying less interest than what is actually being charged for a mortgage loan. The unpaid interest is added to the loan's principal. Subsequently, the borrower may end up owing more than the original amount of the mortgage.

non-assumption clause

In a mortgage contract, a statement that prohibits a new buyer from assuming a mortgage loan without the consent and approval of the lender.

non-conforming loan

A loan that does not conform to Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC) guidelines. For example, a jumbo loan is nonconforming because it exceeds the loan limits set by FNMA or FHLMC.

note

A signed document that acknowledges a debt and shows the borrower is obligated to pay it.

- O-

open-end mortgage

A mortgage allowing the borrower to receive advances of principal from the lender during the life of the loan.

origination fee

The amount charged by a lender to originate and close a mortgage loan. Origination fees are usually expressed in points.

- P-

payment cap

A limit to how much an adjustable rate mortgage's monthly payment can increase. A cap is meant to protect the borrower from large or indefinite increases.

P&I

Abbreviation for principal and interest.

PITI

Abbreviation for principal, interest, taxes and insurance.

PITIO

Abbreviation for principal, interest, taxes, insurance and other monthly non-housing costs.

points

Charges levied by the lender based on the loan amount. Each point equals 1% of the loan amount; for example, two points on a \$100,000 mortgage equals \$2,000. Discount points are used to buy down the interest rate. Points can also include a loan origination fee, which is usually one point.

prepayment

The payment of a mortgage loan before the scheduled due date; may be subject to a prepayment penalty.

prepayment penalty

A charge imposed by the lender if a borrower pays off their loan early. The charge is usually expressed as a percent of the loan balance at the time of the prepayment, or a specified number of months of interest.

pre-qualification

Tentative establishment of a borrower's qualification for a mortgage loan amount in a specific range, based on their assets, debts, income, employment status and credit history.

prime rate

The interest rate commercial banks charge their most creditworthy customers.

principal

The amount borrowed from a lender; does not include interest or additional fees. Also, as a part of PITI, the amount of the monthly mortgage payment which does not include the interest, insurance, and taxes; the amount of each payment that is paid against the principal balance thereby reducing the amount owed..

private mortgage insurance (PMI)

Money paid to insure the lender against loss due to foreclosure or loan default. Mortgage insurance is required on conventional loans with less than a 20% down payment. FHA mortgage insurance requires a payment of 1.50% of the loan amount to be paid at closing, as well as an annual fee of 0.50% of the loan amount added to each monthly payment.

property appraisal

An estimate of a real property's value as of a given date, as determined by a qualified professional appraiser. The value may be based on replacement cost, the sales of comparable properties or the property's income-producing ability.

property tax

The amount which a state or locality assesses as a tax on a piece of real property.

prorate

To proportionally divide amounts owed by the buyer and the seller at closing.

- Q-

qualification

As determined by a lender, the ability of a borrower to repay a mortgage loan based on the borrower's credit history, employment status, assets, debts and income.

- R

rate cap

A limit to how much an adjustable rate mortgage's interest rate can increase. A cap is meant to protect a borrower from large or indefinite increases and may be a life-of-loan cap or an annual cap. A life-of-loan cap restricts the amount the interest rate can increase over the entire term of the loan; an annual cap limits the amount the interest rate can increase over a twelve-month period.

Real Estate Settlement Procedure Act (RESPA)

The Real Estate Settlement Procedures Act is designed to help homebuyers be better shoppers in the home buying process. RESPA requires that consumers receive disclosures at various times in the transaction and outlaws kickbacks that increase the cost of settlement services. An applicant is allowed to review settlement costs at application and once again prior to closing.

reverse annuity mortgage

A type of mortgage loan in which the lender makes periodic payments to the borrower. The borrower's equity in the home is used as security for the loan.

RHCDS

Stands for Rural Housing and Community Development Service.

right of first refusal

The right to purchase a real property under conditions and terms made by a buyer and accepted by the seller.

right of rescission

The right to back out of a transaction, given automatically by law to a borrower in certain real estate transactions. When a borrower's current principal dwelling is used to secure a loan, the borrower has three business days following signing of the loan documents to rescind or cancel the transaction. Any and all money paid by the borrower must be refunded upon rescission. The right to rescind does not apply to loans to purchase real property.

rollover

The process by which a construction loan becomes a mortgage.

Rural Housing and Community Development Service (RHCDS)

A federal agency that administers mortgage loans for buyers in rural areas.

- S -

second mortgage

A loan that is junior to a primary or first mortgage and may have a higher interest rate and a shorter term. A second mortgage loan is most often known as a home equity loan.

secondary market

A market comprising investors such as GNMA, FHLMC and FNMA that buy large numbers of mortgages from primary lenders and resell them to investors.

servicing

The responsibility of collecting monthly mortgage payments and properly crediting them to the principal, taxes, insurance and possible mortgage insurance, as well as keeping the borrower informed of any changes in the status of the loan.

settlement costs

Costs payable by buyer at the time of settlement, when the purchase of real property is finalized. These costs can be up to 10% of the mortgage amount and usually include but are not limited to the following items:

- Appraisal fee
- Assumption fee if loan is assumed
- Credit report fee
- Discount points
- Hazard insurance premium
- Inspection and survey fees

- Interest from closing date to start of first payment
- Legal and recording fees
- Mortgage insurance premium
- Origination fee
- Processing and document preparation fees
- Property taxes and other adjustments
- Title search and title insurance

survey

A physical measurement of property done by a registered professional showing the dimensions and location of any buildings as well as easements, rights of way, roads, etc.

- T -

tax deed

A written document conveying title to real property repossessed by the government due to default on tax payments.

tax savings

The deduction a taxpayer can take on their tax form for interest paid on a home mortgage. The amount of money that a homeowner is not required to pay the government in taxes because he or she owns a home.

taxes

Property and other taxes, as part of PITI; the amount of the monthly mortgage payment which does not include the principal, interest and insurance.

tenancy

- **joint tenancy** - equal ownership of real property by two or more parties, each with the right of survivorship.
- **tenancy by the entirety** - ownership of real property only between a husband and wife in which neither can sell without the consent of the other and the property is owned by the survivor in the event of death of either party.
- **tenancy in common** - equal ownership of property by two or more parties without the right of survivorship.
- **tenancy in severalty** - ownership of a real property by one legal entity or a sole party.
- **tenancy at will** - a license to use or occupy a real property at the will of the owner.

title

A formal document establishing ownership of real property.

title insurance

A policy issued by a title insurance company insuring the purchaser against any losses resulting from errors in the title search. The cost of title insurance may be paid for by the buyer, the seller or both.

trust deed

A document, used in many states in place of a mortgage, held by a trustee pending repayment of the loan. The advantage of a deed of trust is that the trustee does not have to go to court to proceed with foreclosure should the borrower default on the loan.

Truth In Lending Act (TILA) / Regulation Z

A federal regulation designed to help consumers 'comparison shop' for credit by requiring disclosures about terms and costs; also regulates advertising for credit. The TILA requires lenders to disclose credit terms and the cost of consumer credit as a dollar amount and as an annual percentage rate (APR). The lender is required to disclose the required information within three business days of receiving the application.

- U -

underwriter

A professional who approves or declines a loan to an applicant based on their credit history, employment status, assets, debts and other factors such as the loan guidelines.

Uniform Settlement Statement

A standard document prescribed by the Real Estate Settlement Procedures Act containing information for closing which must be supplied to both a buyer and a seller.

utility costs

Periodic housing costs for water, electricity, natural gas, heating oil, etc.

- V -

VA loan

VA stands for "Veterans Administration," which is the federal agency responsible for the VA loan guaranty program as well as other services for eligible veterans. In general, qualified veterans can apply for VA loans with no down payment and only a funding fee of 1% of the loan amount.

variable rate mortgage (VRM)

Also known as an adjustable rate mortgage, it is a variable or flexible rate mortgage with an interest rate that is adjusted according to the financial index it is based upon.

Veterans Administration (VA)

The federal agency responsible for the VA loan guaranty program as well as other services for eligible veterans. In general, qualified veterans can apply for home loans with no down payment and only a funding fee of 1% of the loan amount.

- W -

walk-through

An inspection of a real property by the prospective buyer prior to closing on a mortgage.

warranty deed

A document protecting a homebuyer against any and all claims to a real property.

- X

No entries for "X".

- Y

yield

The rate of earnings from an investment.

- Z

zoning

The ability of local governments to specify the use of private real property in order to control development within designated areas of land. For example, some areas of a neighborhood may be designated only for residential and others for commercial use such as stores, gas stations, etc.