

KNOW THE LINGO

An educated homebuyer is an empowered homebuyer – here's a handy list of common terms to help better understand the home loan process.

AND REMEMBER, WE'RE ALWAYS HERE AND HAPPY TO HELP WITH ANY QUESTIONS!

Appraisal - A written opinion of the market value of a property completed by a professional appraiser.

Annual Percentage Rate (APR) - The annual equivalent of the rate shown in your Note (Note Rate) plus any other fees paid at closing or throughout the life of the loan, such as monthly mortgage insurance. APR allows borrowers to compare different mortgages when shopping for a lender.

Closing Costs - These are the costs you pay on closing day, when you complete the real estate transaction and get the title to the property. Includes insurance, taxes, points, and any items that must be prepaid or escrowed.

Credit Score - This is a three-digit number (300-850) that shows how likely you are to repay debt. Having good credit helps you get a better mortgage rate, but you don't need perfect credit to buy.

Debt-To-Income (DTI) Ratio - This is the percentage of your gross monthly income that goes to paying monthly debts, including the new mortgage payment. A lower DTI typically means better mortgage terms.

Down Payment - The difference between the sales price and the loan amount on a real estate transaction. The is brought to the closing by the buyer along with other fees to be paid at that time. Typically ranges from 3% to 20% of the purchase price, but some programs require as little as 0% down for qualified buyers.

Escrow - The holding of documents and money by a neutral third party prior to closing.

Homeowners Insurance - Insurance policy that combines liability coverage and hazard insurance.

Lock-In - The point in time when the interest rate is guaranteed on your loan for a set amount of time that will cover the closing date. At this time, a written agreement signed by both you and your loan officer will be provided with the details agreed upon.

Mortgage Rate - This is the interest rate for the money you borrow to buy a home. A lower rate usually means a lower monthly mortgage payment.

Prequalification Letter - This is a letter from your lender showing how much you're eligible to borrow based upon an initial review of your finances. Keep in mind that the information you have provided will have to be verified once you have an accepted contract. Getting prequalified is an important first step in the homebuying process that makes your offer more appealing to prospective sellers.



Contact me to learn more!



ELLEN SCHULER

Mortgage Branch Sales Manager
NMLS 409880

📞 210.762.6409 / 📠 210.860.0031

📠 210.762.6409

ESchuler@houseloan.com

www.EllenSchuler.com

