

# MUST-KNOW MORTGAGE TERMS FOR REAL ESTATE AGENTS

## Loan Qualification & Approval Terms

<b>Pre-Qualification</b>	Lender's <b>initial assessment</b> based on self-reported financial info; no verification needed.
<b>Pre-Approval</b>	<b>Stronger financial review</b> where a lender verifies credit, income, and assets to determine loan eligibility.
<b>Loan Commitment</b>	<b>Formal approval</b> from the lender, stating the buyer meets all conditions for the mortgage.
<b>Clear to Close (CTC)</b>	Final lender approval indicating all loan conditions are met and closing can proceed.

## Loan Types & Programs

<b>Conventional Loan</b>	Mortgage that is <b>not backed by the government</b> (e.g., Fannie Mae or Freddie Mac). Requires as little as <b>3% down</b> .
<b>FHA Loan</b>	Government-backed loan with <b>low down payment options (3.5%)</b> , ideal for first-time buyers.
<b>VA Loan</b>	Available to eligible <b>military service members and veterans</b> with <b>zero down payment</b> and no PMI.
<b>USDA Loan</b>	<b>Zero-down loan</b> for eligible <b>rural and suburban buyers</b> (income restrictions apply).
<b>Jumbo Loan</b>	Loan that exceeds <b>conforming loan limits</b> (typically <b>\$766,550+ in most areas</b> for 2024).
<b>Non-QM Loan (Non-Qualified Mortgage)</b>	<b>Flexible financing</b> option for buyers who don't meet standard guidelines (e.g., self-employed, high DTI, bank statement loans).

## Key Loan Terms & Costs

<b>Debt-to-Income Ratio (DTI)</b>	Percentage of a borrower's gross monthly income that goes toward <b>debt payments</b> . Lower DTI = better loan terms.
<b>Loan-to-Value Ratio (LTV)</b>	Percentage of the home's price being financed. <b>Higher LTV = higher risk</b> for lenders.

### Interest Rate vs. APR

<b>Interest Rate</b>	The cost of borrowing money, expressed as a percentage.
<b>Annual Percentage Rate (APR)</b>	Includes the <b>interest rate + lender fees + closing costs</b> , providing a more accurate cost of the loan.
<b>Origination Fee</b>	Lender's processing fee for <b>underwriting the loan</b> , typically <b>0.5% – 1%</b> of the loan amount.
<b>Discount Points</b>	Fees paid upfront to <b>buy down the interest rate</b> (1 point = 1% of loan amount).

## Down Payments & Mortgage Insurance

<b>Private Mortgage Insurance (PMI)</b>	Required for <b>conventional loans with less than 20% down</b> . Can be <b>removed</b> once 20% equity is reached.
<b>Mortgage Insurance Premium (MIP)</b>	Required for <b>FHA loans</b> , stays for <b>the life of the loan</b> unless a <b>10%+ down payment</b> is made.
<b>Down Payment Assistance (DPA)</b>	State and local programs that <b>help first-time buyers</b> with down payment and closing costs.

### Bonus: Quick Tips for Real Estate Agents

**A Pre-Approval is Key!**  
Always ensure your buyers are pre-approved before house hunting.

**Know the Loan Limits**  
Conventional, FHA, and VA loan limits change yearly and vary by location.

**Seller Concessions Can Help Buyers**  
If a buyer is short on cash, seller-paid closing costs can keep deals alive.

**PMI Can Be Removed**  
Agents should inform buyers that PMI on conventional loans can be canceled at 20% equity.



**Matt Kelleher**  
Producing Branch Manager  
NMLS 999865  
Mobile: 860.302.2934  
matt@anchorpointmtg.com  
anchorpointmtg.com  
31 Liberty Street, Ste 209  
Southington, CT 06489

Scan to apply  
for financing



**ANCHOR POINT**  
MORTGAGE

POWERED BY V.I.P. MORTGAGE, INC.



V.I.P. Mortgage, Inc. DBA Anchor Point Mortgage does Business in Accordance with Federal Fair Lending Laws. NMLS ID 145502. CT: Mortgage Lender License ML-145502. For all other state licensing, visit [www.vipmtginc.com/national-licenses/](http://www.vipmtginc.com/national-licenses/). V.I.P. Mortgage, Inc. is not acting on behalf of or at the direction of the FHA/HUD or the Federal Government. This product or service has not been approved or endorsed by any governmental agency, and this offer is not being made by any agency of the government. V.I.P. Mortgage, Inc. is approved to participate in FHA programs but the products and services performed by V.I.P. Mortgage, Inc. are not coming directly from HUD or FHA. Information, rates, and programs are subject to change without notice. All products are subject to credit and property approval. Not all products are available in all states or for all loan amounts. Other restrictions may apply. This is not an offer to enter into an agreement. Not all customers will qualify.

# MUST-KNOW MORTGAGE TERMS FOR REAL ESTATE AGENTS

## Mortgage Payments & Escrow

### Principal, Interest, Taxes, Insurance (PITI)

Total monthly mortgage payment a borrower makes, including:

<b>Principal</b>	The loan balance being paid down.
<b>Interest</b>	The lender's charge for borrowing money.
<b>Taxes</b>	Property taxes paid through escrow.
<b>Insurance</b>	Homeowners insurance (and PMI/MIP, if required).

<b>Escrow Account</b>	A lender-managed account where <b>taxes &amp; homeowners insurance</b> are collected and paid.
<b>Reserves</b>	Additional <b>savings required by the lender</b> , usually <b>2-6 months of mortgage payments</b> after closing.

## Rate Structures & Loan Features

<b>Fixed-Rate Mortgage</b>	The <b>interest rate stays the same</b> for the life of the loan (e.g., 15, 20, 30 years).
<b>Adjustable-Rate Mortgage (ARM)</b>	The rate is <b>fixed for an initial period</b> , then <b>adjusts periodically</b> based on market conditions (e.g., a 5/1 ARM is fixed for 5 years, then adjusts yearly).

### Rate Buy-Down (Temporary vs. Permanent)

<b>Temporary Buy-Down</b>	Lowers the rate for the first <b>1-3 years</b> (e.g., a 2-1 buy-down reduces the rate by 2% in year 1, 1% in year 2).
<b>Permanent Buy-Down</b>	Borrower pays upfront <b>discount points</b> to lower the interest rate for <b>entire loan term</b> .

## Closing Process & Fees

<b>Closing Costs</b>	Fees paid at closing, typically <b>2-5% of the loan amount</b> . Includes <b>lender fees, title fees, prepaid taxes, and insurance</b> .
<b>Cash-to-Close</b>	Total amount a borrower <b>must bring to closing</b> , including <b>down payment + closing costs</b> .
<b>Seller Concessions</b>	When a seller <b>covers a portion of the buyer's closing costs</b> (limits vary by loan type).
<b>Title Insurance</b>	Protects against ownership disputes or title defects. Required by lenders.

## Post-Closing & Other Loan Terms

<b>Amortization</b>	The process of paying off a loan over time through scheduled payments. Early payments go mostly toward <b>interest</b> , later payments go mostly toward <b>principal</b> .
---------------------	---

### Loan Servicer vs. Lender

<b>Lender</b>	The institution that <b>originates the loan</b> .
<b>Servicer</b>	The company that <b>manages loan payments, escrow, and customer service</b> (sometimes different from the lender).
<b>Refinancing</b>	Replacing an existing mortgage with a new one to get a <b>lower rate, change loan terms, or cash out equity</b> .

**FINAL THOUGHTS** Understanding these mortgage terms will help you:

- ✓ **Guide your buyers with confidence**
- ✓ **Set realistic expectations about financing**
- ✓ **Make transactions smoother and deals close faster**



**Matt Kelleher**  
Producing Branch Manager  
NMLS 999865  
Mobile: 860.302.2934  
matt@anchorpointmtg.com  
anchorpointmtg.com  
31 Liberty Street, Ste 209  
Southington, CT 06489

Scan to apply  
for financing



**ANCHOR POINT**  
MORTGAGE

POWERED BY V.I.P. MORTGAGE, INC.



V.I.P. Mortgage, Inc. DBA Anchor Point Mortgage does Business in Accordance with Federal Fair Lending Laws. NMLS ID 145502. CT: Mortgage Lender License ML-145502. For all other state licensing, visit [www.vipmtginc.com/national-licenses/](http://www.vipmtginc.com/national-licenses/). V.I.P. Mortgage, Inc. is not acting on behalf of or at the direction of the FHA/HUD or the Federal Government. This product or service has not been approved or endorsed by any governmental agency, and this offer is not being made by any agency of the government. V.I.P. Mortgage, Inc. is approved to participate in FHA programs but the products and services performed by V.I.P. Mortgage, Inc. are not coming directly from HUD or FHA. Information, rates, and programs are subject to change without notice. All products are subject to credit and property approval. Not all products are available in all states or for all loan amounts. Other restrictions may apply. This is not an offer to enter into an agreement. Not all customers will qualify.