

# Lenders Plus



Lenders Plus  
Financial Firm

# VOCAB

**FOR THE FIRST  
TIME HOMEBUYER**

We offer competitive pricing and step-by-step guidances. Call us for all your home buyers solutions

**Office No: (912) 507-4803**

24 Hour Text line  
**(818) 296-9702**

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# FHA LOAN

ALSO KNOWN AS A FEDERAL HOUSING  
ADMINISTRATION LOAN.

THEY ARE POPULAR ESPECIALLY AMONG FIRST  
TIME HOME BUYERS BECAUSE THEY ALLOW  
DOWN PAYMENTS OF 3.5% FOR CREDIT SCORES  
OF 580+.

HOWEVER, BORROWERS MUST PAY MORTGAGE  
INSURANCE PREMIUMS, WHICH PROTECTS THE  
LENDER IF A BORROWER DEFAULTS.

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# FIXED RATE MORTGAGE

THIS MEANS THE INTEREST RATE YOU PAY ON YOUR HOME LOAN WON'T CHANGE.

OVER THE YEARS, YOUR MORTGAGE PAYMENT WILL LIKELY CHANGE SOME, PROPERTY TAXES WILL LIKELY RISE, AND YOUR HOMEOWNERS INSURANCE MIGHT CLIMB OR FALL, BUT GENERALLY, IF YOU HAVE A FIXED RATE, YOUR MONTHLY PAYMENT WON'T CHANGE MUCH OVER THE YEARS.

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# FICO SCORE

DEVELOPED BY THE FAIR ISAAC CORP.  
THIS CREDIT SCORE, KNOWN AS  
THE **FICO SCORE**, IS A THREE-DIGIT  
NUMBER RANGING FROM 300 TO 850.

LENDERS USE THE SCORE TO DETERMINE  
HOW RISKY IT WOULD BE TO LOAN YOU  
MONEY.

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# DOWN PAYMENT

A DOWN PAYMENT IS A PORTION OF THE SALES PRICE YOU PAY TO THE SELLER TO CLOSE A SALE, WITH THE UNDERSTANDING THAT THE BALANCE WILL BE PAID AT SETTLEMENT.

IT IS ALSO THE DIFFERENCE BETWEEN THE SALE PRICE OF REAL ESTATE AND THE MORTGAGE AMOUNT.

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# DEBT TO INCOME RATIO (DTI)

THE % OF MONTHLY DEBT PAYMENTS DIVIDED BY YOUR MONTHLY INCOME.

FOR INSTANCE, IF YOUR DEBT COSTS \$2,000 PER MONTH AND YOUR MONTHLY INCOME EQUALS \$6,000, YOUR DTI IS  $\$2,000 \div \$6,000$ , OR 33%

# PITI

PITI IS AN ACRONYM FOR  
**P**RINCIPAL, **I**NTEREST, **T**AXES, AND  
**I**NSURANCE.

MOST MONTHLY RESIDENTIAL  
MORTGAGE PAYMENTS INCLUDE  
THESE ITEMS

# OFFER

YOUR PURCHASE **OFFER**, IF ACCEPTED AS IT STANDS, WILL BECOME A BINDING SALES CONTRACT—ALSO KNOWN AS A PURCHASE AGREEMENT.

IT CONTAINS THE PURCHASE PRICE AS WELL AS ANY OTHER TERMS YOU WANT.

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# HOMEOWNERS ASSOCIATION (HOA)

THE **HOMEOWNERS ASSOCIATION** IS THE ORGANIZATION THAT DETERMINES COMMUNITY RULES AND STANDARDS IN FOR ALL OF THE HOMES OR CONDOS UNDER THEIR MANAGEMENT

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# CONTINGENT

AN OFFER ON A HOME HAS BEEN ACCEPTED, BUT THE FINALIZED SALES IS **CONTINGENT** UPON CERTAIN CRITERIA. USUALLY AN APPRAISAL, INSPECTION OR MORTGAGE APPROVAL

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# ESCROW

IN REAL ESTATE, IT HAS SEVERAL MEANINGS,  
BUT THEY ALL BOIL DOWN TO  
YOUR HOUSE AND YOUR MONEY BEING IN A  
KIND OF LIMBO.

ESCROW IS WHEN AN IMPARTIAL THIRD PARTY  
HOLDS ON TO SOMETHING OF VALUE DURING  
A TRANSACTION.

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# SIGNING

THIS IS THE DAY YOU'VE BEEN WAITING FOR.  
SIGNING YOUR LOAN AND CLOSING  
DOCUMENTS FOR THE SALE OF THE HOME.  
THE PROCESS USUALLY TAKES ABOUT AN  
HOUR.

AS SOON AS SIGNING AND RECORDING ARE  
COMPLETED, YOU CAN TAKE POSSESSION OF  
THE PROPERTY.

# APPRAISAL

PROPERTY AND/OR LAND  
VALUATION COMPLETED BY A  
LICENSED APPRAISER WHO  
DETERMINES THE MARKET VALUE.

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# RECORDING

IN SHORT, THE MOMENT THE GRANT DEED IS TIME-STAMPED BY THE COUNTY CLERK IS THE MOMENT THAT OWNERSHIP OF THE PROPERTY CHANGES HANDS.

NO REAL ESTATE TRANSACTION IS 'CLOSED' UNTIL THAT DEED HAS BEEN RECORDED.

# TITLE

A TITLE IS A DOCUMENT THAT SHOWS  
LEGAL OWNERSHIP TO A PROPERTY  
OR ASSET.

A TITLE COMPANY WILL PROVIDE YOU  
WITH THE TITLE REPORT TO REVIEW.

# LOAN TO VALUE (LTV)

THE LOAN AMOUNT DIVIDED BY THE VALUE OF THE HOME. FOR INSTANCE A \$70K LOAN / \$100K VALUE WOULD BE **70% LTV**

THIS IS ONE OF THE RISK FACTORS A LENDER USES WHEN EVALUATING IF THEY WILL PROVIDE A LOAN ON A PROPERTY.



# PRE-QUALIFICATION

**PRE-QUALIFICATION** MEANS THAT A LENDER HAS EVALUATED YOUR CREDITWORTHINESS AND HAS DECIDED THAT YOU PROBABLY WILL BE ELIGIBLE FOR A LOAN UP TO A CERTAIN AMOUNT.

THIS IS A VERY IMPORTANT FIRST STEP IN YOUR HOME SEARCH.

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# PRE-APPROVAL

A WRITTEN AGREEMENT FROM A MORTGAGE LENDER TO GRANT A LOAN.

PRE-APPROVAL ASSURES THE SELLER THAT A BUYER'S OFFER IS VALID. IT ALSO SPEEDS UP THE BUYING PROCESS BECAUSE, ONCE AN OFFER IS MADE, THERE IS NO NEED TO WAIT WHILE THE BUYER FINDS A LOAN.

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# HOME INSPECTION

A HOME INSPECTION IS A LIMITED, NON-  
INVASIVE EXAMINATION OF THE CONDITION OF  
A HOME, OFTEN IN CONNECTION WITH THE SALE  
OF THAT HOME.

THE HOME INSPECTOR DESCRIBES THE  
CONDITION OF THE HOME AT THE TIME  
OF INSPECTION BUT DOES NOT GUARANTEE  
FUTURE CONDITION, EFFICIENCY, OR LIFE  
EXPECTANCY OF SYSTEMS OR COMPONENTS

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# CLOSING COSTS

**CLOSING COSTS** ARE FEES PAID AT THE END OF THE TRANSACTION BY EITHER THE BUYER, SELLER, OR BOTH.

CLOSING COSTS ARE TAKES, INSURANCE, AND OTHER LENDER EXPENSES REQUIRED TO FINALIZE THE SALE.

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# HOMEOWNERS INSURANCE

**HOMEOWNERS INSURANCE** IS A FORM OF PROPERTY INSURANCE THAT COVERS LOSSES AND DAMAGES TO AN INDIVIDUAL'S HOUSE AND TO ASSETS IN THE HOME.

HOMEOWNERS INSURANCE ALSO PROVIDES LIABILITY COVERAGE AGAINST ACCIDENTS IN THE HOME OR ON THE PROPERTY.

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# EARNEST MONEY

**EARNEST MONEY** IS A DEPOSIT MADE TO THE SELLER SHOWING THE BUYER'S GOOD FAITH IN THE TRANSACTION.

THESE FUNDS ARE TYPICALLY HELD IN A TRUST OR ESCROW ACCOUNT.

# ADJUSTABLE RATE MORTGAGE

ALSO KNOWN AS AN (ARM), THIS IS ESSENTIALLY THE OPPOSITE OF A FIXED RATE. YOU'LL HAVE A FIXED RATE FOR A PERIOD OF TIME (TYPICALLY 3-10 YEARS), AND THEN YOUR PAYMENTS WILL ADJUST TO THE FULLY INDEXED RATE.

DISCUSS THIS WITH YOUR LENDER TO DETERMINE WHAT TYPE OF LOAN IS RIGHT FOR YOU.

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# PMI or PRIVATE MORTGAGE INSURANCE

**PRIVATE MORTGAGE INSURANCE,**  
ALSO CALLED PMI, IS A TYPE OF  
MORTGAGE INSURANCE.

PMI IS USUALLY REQUIRED WHEN YOU MAKE A  
DOWN PAYMENT OF LESS THAN 20 PERCENT OF  
THE HOME'S PURCHASE PRICE.

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# POINTS

MORTGAGE **POINTS**, ALSO KNOWN AS DISCOUNT POINTS, ARE FEES PAID DIRECTLY TO THE LENDER AT CLOSING IN EXCHANGE FOR A REDUCED INTEREST RATE.

THIS IS ALSO CALLED "BUYING DOWN THE RATE," WHICH CAN LOWER YOUR MONTHLY MORTGAGE PAYMENTS. ONE POINT COSTS 1 PERCENT OF YOUR MORTGAGE AMOUNT (OR \$1,000 FOR EVERY \$100,000).

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# UNDERWRITING

MORTGAGE UNDERWRITING IS THE ANALYSIS OF THE RISK INVOLVED IN MAKING A MORTGAGE LOAN TO DETERMINE WHETHER THE RISK IS ACCEPTABLE TO THE LENDER.

UNDERWRITING INVOLVES THE EVALUATION OF THE PROPERTY AS OUTLINED IN THE APPRAISAL REPORT, AND THE BORROWER'S ABILITY AND WILLINGNESS TO REPAY THE LOAN.

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# PREPAID ITEMS

COSTS PAID AT CLOSING FOR TAXES,  
INTEREST, AND INSURANCE.

BECAUSE PREPAID ITEMS ARE RECURRING  
COSTS THAT DON'T RELATE TO THE  
ACQUISITION OF THE PROPERTY ITSELF,  
THEY CAN'T BE FINANCED.

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# GROSS INCOME

THIS IS YOUR TOTAL INCOME BEFORE ANY DEDUCTIONS SUCH AS TAXES, 401(K) CONTRIBUTIONS, MEDICARE, OR SOCIAL SECURITY CONTRIBUTIONS.

# GOOD FAITH ESTIMATE (GFE)

THIS DOCUMENT TELLS BORROWERS THE APPROXIMATE COSTS THEY'LL PAY AT OR BEFORE CLOSING, BASED ON COMMON LOCAL REAL ESTATE PRACTICES.

UNDER RESPA, YOUR MORTGAGE LENDER OR MORTGAGE BROKER MUST DELIVER THE GFE TO YOU WITHIN THREE DAYS AFTER ACCEPTING YOUR MORTGAGE LOAN APPLICATION.

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# **FSBO (FOR SALE BY OWNER)**

A TERM USED TO DESCRIBE A HOME THAT IS BEING SOLD BY THE OWNER, WITHOUT ASSISTANCE FROM A REAL ESTATE AGENT OR A BROKER.

THE SELLER IS ATTEMPTING TO SAVE MONEY BY AVOIDING AGENT'S AND BROKER'S FEES, BUT THE BUYER SHOULD BE CAREFUL TO MAKE SURE THAT THE TERMS OF SALE COMPLY WITH ALL APPLICABLE FEDERAL, STATE, AND LOCAL REGULATIONS.

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Ready to apply



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