



NMLS #198038



West Virginia Housing  
Development Fund

# **HOME BUYING VOCABULARY GUIDE**

800-933-8511 | [www.wvhdf.com](http://www.wvhdf.com)

# HOMEBUYING VOCABULARY

- **Annual Percentage Rate (APR):** A calculation meant to show the true cost of borrowing money over a long period of time.
- **Appraisal:** A process and report that determines the value of your home.
- **Cash Gift:** Money from a close family member to go toward your down payment that does not need to be repaid.
- **Cleared-to-Close:** The status of a mortgage application after the lender issues final approval.
- **Closing:** The last step, where money and keys are exchanged between buyer and seller.
- **Closing Costs:** The fees incurred as part of the loan process.
- **Commission:** The percentage of the home's value the real estate agent earns from the sale.
- **Conventional Mortgage:** A mortgage that conforms to the guidelines established by Freddie Mac and Fannie Mae.
- **Counteroffer:** A rejection of the initial offer that includes conditional adjustments for accepting an offer.
- **Debt-to-Income Ratio:** The ratio of monthly debt payments to monthly income, expressed as a percentage.
- **Deed:** A legal document that indicates ownership of the home.



## QUICK TIPS

This glossary may help when you encounter unfamiliar terms, but always ask the professionals involved in your transaction any time you need clarification or more information.

# HOMEBUYING VOCABULARY

- **Earnest Money:** A deposit to the seller that indicates the buyer's intent to purchase.
- **Escrow:** A type of account that holds funds, such as earnest money deposits. This can also refer to paying a prorated portion of your real estate taxes and homeowners insurance as part of your monthly mortgage.
- **Equity:** The value of a home determined by its market value and remaining charges against it. Equity increases as you make your mortgage payments.
- **FHA Mortgage:** A loan insured by the Federal Housing Administration that allows for lower down payments and have flexible credit guidelines.
- **FICO Score:** Also known as your credit score, used to determine interest rates.
- **Fixed-Rate Mortgage:** A loan for which the interest rate does not change. The Fund only offers fixed-rate mortgages.
- **Foreclosure:** When a lender claims ownership of a home to sell to make up for unpaid debts after a borrower misses a certain number of payments.
- **Homeowners Insurance:** Insurance that pays for damage to a home.
- **Interest Rate:** The rate at which interest is charged on a loan.
- **List Price:** The price at which a home is listed for sale.

# HOMEBUYING VOCABULARY

- **Loan Estimate:** A document breaking down the terms of your loan, including your costs and fees.
- **Loan Term:** The length of time over which the loan is repaid.
- **Mortgage Rate Lock:** A contract where the lender must honor a specific rate for a specified number of days. This guarantees your rate won't change while you finalize agreements before closing.
- **Origination Fee:** Paid to the lender for processing the loan application.
- **PITI:** Principal, Interest, Taxes, and Insurance--the components of a mortgage payment.
- **Private Mortgage Insurance (PMI):** An insurance policy that protects mortgage lenders against loss on low- or no-downpayment loans.
- **Real Estate Taxes:** Payments due at least annually to the local government. Major home improvements may increase your property value and your property taxes.
- **Refinance:** To replace your existing mortgage loan with a new one, usually to save money.
- **Seller Concessions:** When the seller agrees to pay all or part of a buyer's closing costs.
- **Title:** Refers to a property owner's legal rights.

# HOMEBUYING VOCABULARY

- **USDA Mortgage:** Guaranteed by the U.S. Department of Agriculture, available in rural areas and less-dense suburban areas.
- **Utilities:** Services such as water, electric, gas, and electricity. While your rent payments may have covered these costs, mortgages do not.
- **VA Mortgage:** Guaranteed by the Department of Veterans Affairs, generally available with 100 percent financing to U.S. military members with no PMI, down payment, or credit score requirements.



## QUICK TIPS

The internet is a great tool to find more information about the home buying process. CFPB, Freddie Mac, and Fannie Mae are just a few great resources!



# HOMEOWNERSHIP THROUGH WVHDF



Geared toward lower-income traditional first-time buyers, those buying for the first time in West Virginia, or those purchasing in targeted counties, generally offering our lowest interest rates.



Great for moderate-income first-time buyers or repeat buyers who have outgrown their current home or simply want a change of scenery.



Offered in conjunction with the Homeownership and Movin' Up programs to reduce the amount borrowers pay out of pocket.

**Call 800-933-8511 to learn more!**