



West Virginia Housing
Development Fund

HOMEBUYING VOCABULARY GUIDE

www.wvhdf.com
800-933-8511



NMLS # 198038

HOMEBUYING VOCABULARY

You may encounter unfamiliar terms during your homebuying journey. This glossary may help, but always ask the professionals involved in your transaction if you ever need clarification throughout the process.

- **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.
- **Earnest Money:** A deposit to the seller that indicates the buyer's intent to purchase.

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- **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.

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- **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.

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- **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.



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 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.



Geared toward moderate-income buyers who have outgrown their current home or simply want a change of scenery.



Offered in conjunction with the Homeownership Program to reduce the amount borrowers pay out of pocket.

Call 800-933-8511 to learn more!