

# Home Buyers' Glossary

**Adjustable-rate Mortgage (ARM)** - A mortgage for which the interest rate and the payments change during the life of the loan.

**Agreement of Sale** - The contract in which the seller agrees to sell and buyer agrees to buy, with conditions and terms spelled out and signed by both parties.

**Amortization** - A plan for gradually repaying, in periodic payments, money borrowed.

**Balloon Mortgage** - A mortgage that has a large amount of the principle due at the time of maturity.

**Bridge Loan** - A loan that finances a mortgage at the end of one loan and the start of a new one.

**Closing Costs** - Expenses and fees that are added to the price of the property, paid by the buyer and the seller at the closing. The Agreement of Sale states who pays which costs.

**Commercial Bank** - A financial institution authorized to provide a variety of financial services, including consumer and business loans (generally short-term), checking services, credit cards and savings accounts.

**Condominium** - The buyer owns title to a residential unit, shares common areas with other unit owners and pays maintenance fees to the condominium association for property upkeep.

**Conventional Loan** - A loan not guaranteed by the VA or insured by the FHA.

**Co-op** - In exchange for the right to occupy a co-op unit, the buyer owns shares in the co-op corporation (made up of co-op residents), rather than owning real property.

**Debt-to-Income Ratio** - A percentage arrived at by dividing the borrower's fixed monthly obligations by the borrower's monthly income.

**Due-on-sale Clause** - A mortgage stipulation demanding payment of the entire loan balance upon sale or other transfer of the real estate securing the loan.

**Equity** - The ownership interest remaining in property after payment of all liens or other charges on the property.

**Escrow** - Funds left in trust with a third party, to be paid to a designated recipient at a designated time.

**Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac)** - A quasi-governmental secondary market agency that purchases whole mortgage loans. Freddie Mac sells interest in pools of mortgage loans to obtain funds for mortgage loan purchases.

**Federal Housing Administration (FHA)** - A government agency within the Department of Housing and Urban Development that administers many programs involving housing loans made from private funds, including mortgage insurance for lenders and rent or interest assistance for low-income tenants and mortgagors.

**Federal National Mortgage Association (FNMA or Fannie Mae)** - A privately owned and managed corporation that purchases mortgage loans originated by other lenders. Fannie Mae issues stocks and securities to obtain funds for its purchases.

**Fixed-Rate Mortgage** - A loan that has one set interest rate. **Installment Debts** - A buyer's long-term debts; they usually extend for periods longer than nine months.

**Intermediate-term Loan** - A home loan of less than 30 years.

**Life-of-loan Cap** - A consumer protection on some adjustable loans. It limits the total upward adjustment that may occur during the life of the loan. Also known as an overall cap.

**Loan-to-value Ratio** - The relationship between the amount of a home loan and the total value of the property. Lenders may limit their maximum loan to 80-95 percent of value.

**Lock-in Rate** - A rate commitment made by lenders when making a mortgage loan to commit to or "lock in" that rate pending loan approval. Lock-in commitment periods vary.

**Market Value** - The highest price the buyer is willing to pay for a property and the lowest price the seller will accept.

**Mortgage** - A lien or claim on property given by a buyer to a lender as security for money borrowed.

**Mortgage Broker** - An individual or company that obtains mortgages for others by finding lending institutions, insurance companies, or private lenders to lend money.

**Payment Cap** - Limits the amount that a monthly payment on an ARM loan can increase at the time of adjustment.

**Points** - One percent of the amount of the mortgage loan.

**Prepayment** - Payment of a mortgage loan, or portion of the loan, before the due date.

**Prime Rate** - The interest rate that banks charge to their preferred customers. Changes in prime rate are used as indexes in some adjustable rate mortgages, especially home equity lines of credit.

**Principal** - The basic loan amount, separate from interest, insurance, and taxes.

**Private Mortgage Insurance (PMI)** - The insurance coverage offered by a private company that protects a lender against loss on a default mortgage loan. Its use is usually limited to loans with high loan-to-value ratios. The borrower pays the premiums.

**Title** - Proof of ownership.

**Title Search** - A check of title records to assure that the buyer is purchasing property with no liens, encumbrances, or other claims which might adversely affect the title's value or marketability.

**Veterans Administration (VA)** - A government agency that helps veterans of the armed forces obtain housing.

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**\$680,000 PRICE REDUCED - RAISE YOUR FAMILY HERE!** - This Ontario home has all the room you need for toys and family. It has 40.37 acres in hay and pasture with Owyhee water right. Home has 6 bedrooms, 3 baths & a remodeled kitchen. It offers a central vacuum. Overlook a greenhouse and a pond. Yard has mature pine trees, shade tree's fruit trees. Way too much to list here. MLS 98566065 /98566353 1859-14 Call Chad



**\$549,000 - OUT OF THIS WORLD VIEW!** Located between Ontario and Nyssa. Has been updated w/granite counter tops throughout. Jetted tub in bathrooms. Master bath is huge with jetted tub and heated floors. Huge barn with hay loft, tack room, RV storage. Sewer hoopup for RV's. Newer 54 X 36 garage completely finished. Several horse lean-to's with heated water. 27 acre Owyhee water right. Has a pond for wildlife viewing. MLS 98593822 1896-15 Call Larry



**\$399,000 - One of The Best View!** Choice building lot in Ontario. One of the best view lots in Malheur County. View of Ontario Payette, Nyssa, Malheur Butte Bogus, Vale and lots of beautiful scenery in between. A gravel road is in and approved by county. Seller is willing to negotiate. MLS 98568396 1862-14 Call Travis



**\$367,000 - UNBELIEVABLE VIEW!!!** This 4294 sq. ft. home built in 2004 has it. 4 bedrooms, 3.5 baths, beautiful hickory kitchen w/Corian countertops, formal dining room, den/office. Basement has a wet bar and pellet stove in the family room, 28 x 11 mechanical room has a water softener, chlorine injector, 2 water Heaters, 2 furnaces (water to air heat pump off well w/ approx. 70 degrees water.) Heat pump water goes to 4500 gal storage tank to assist with lawn irrigation. MLS 98572852 1867-14 Call Larry



**\$365,000 READY TO GO FARM!** This farm has 70 acres with 64.7 acres water right. Irrigate with wheel lines and gated pipe. Lots of room for your family in this 2938 sq. ft. home with 6 bedrooms, 3 bath, carport and outbuildings. It includes with corrals and barn for horses and cows. This has lots of wildlife to be seen. MLS 98554631 1849-14 Call Chad