


WHAT ARE SOME COMMON HOME LOAN TERMS THAT I SHOULD KNOW?

# Key



## Mortgage Corporation

YOUR KEY TO HOME FINANCING  
SINCE 1988



# What Is A Mortgage?

🔑 A mortgage is a pledge made by a property owner to lender which offers the property as a guarantee for repayment.

🔑 When the loan is repaid, then the mortgage is cancelled and the property owner owns their property free and clear.

🔑 If the loan is not repaid, then the lender will take the mortgage to court to foreclose - a legal process whereby they take the property instead of the repayment of the loan.

🔑 Sometimes people use the term mortgage to mean the “home loan” because mortgages are made to secure home loan loans. However, technically the loan is made by signing a note to the lender.



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COMPARE SIMILAR PROPERTIES  
TO GET APPRAISED VALUE

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## What Is the “Appraised Value”?

🔑 The “appraised value” is the value for your property that is determined by a licensed appraiser.

🔑 Appraisers determine the value of the property by comparing your “subject” property with other properties in the marketplace.



🔑 They determine the likely value based on recent sales of similar properties.

🔑 The appraised value will determine how large a loan can be made on the property.

## What Is An APR- Annual Percentage Rate?

🔑 The APR is shown on your Truth-In-Lending disclosure. The APR is not to be confused with a mortgage's interest rate.

🔑 The APR is a rate that includes a loan's interest rate plus the added costs of obtaining the loan, such as points, origination fees, and mortgage insurance premiums.

🔑 The APR is usually slightly higher than the interest rate on the loan. If there were no costs involved in obtaining a loan other than the interest rate, the APR would then equal the interest rate.

## What Is A Lock-In?

🔑 Home loan interest rates are variable and change with the market on a daily basis.

🔑 When you apply for a home loan, you can either choose to "lock-in" the interest rate or float your rate with the market until you close. If you lock-in the rate when you apply, then it will not change when you close unless your loan does not close within the specified lock-in period. Sometimes lenders will charge an extra fee to lock-in, or may not offer a lock-in option depending upon the market.

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### CREDITORS REPORT YOUR ACTIVITY

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## What Is A Credit Report?

🔑 A credit report is a summary of all your financial dealings rendered by one or more of the three national credit reporting agencies.

🔑 Whenever you take out a loan, pay your bills late or make late payments on credit cards, then your creditors report your activity to credit bureaus.

🔑 When you apply for a home loan, then your lender will contact them to get a comprehensive report on how well you pay your bills.





🔑 Credit reports may also contain other important financial information like employment history, bankruptcies, or other information from financial institutions.

## What Is FICO Score?

🔑 A FICO score is a numerical value that reflects how well you manage your finances. It is sometimes called a credit score.

🔑 FICO is based on statistical formulas that are derived by studying millions of credit histories over many years by the Fair-Isaac Company.

It includes: how well you pay your loans and credit cards, how much debt you owe, how much credit you use, and the length of your credit history as well as some other factors.

🔑 Your FICO score represents your ability to repay loans based on your credit history and your use of credit. It will normally range between 300 on the low side to 800 on the high side.

🔑 Your FICO score will be used by lenders to determine whether they will make a loan to you. It may also determine how much they will lend you and at what interest rate.



*Mortgages*

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Call for more information Today!

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