

# BUYER'S TERMS



## LOAN AMOUNT

The amount of the mortgage based on the purchase price, minus the down payment.

## DOWN PAYMENT

Cash that the buyer provides the lender as their portion of the purchase price. The down payment is considered the buyer's equity (or cash investment) in their home.

## POINTS

Fees charged by the lender to offset their interest rate, if it's below the prevailing market rate. One point equals one percentage point—so one point on a \$100,000 loan would be \$1,000.

## APPRAISAL FEE

The amount paid for the lender's appraisal of the property.

## CREDIT REPORT FEE

The fee charged by the lender to obtain a credit report on the buyer.

## TITLE INSURANCE FEE

A one-time premium that a buyer pays for protection against loss or damage in the event of an incorrect search of public records or misinterpretation of title. The title insurance policy also shows what the property is subject to in terms of liens, taxes, encumbrances, deed restrictions and easements.

## ESCROW FEE

The amount a buyer pays the escrow company or closing agent for preparing papers, accounting for all funds and coordinating the information between all parties involved in the transaction.

## CLOSING COSTS

A general term for all the estimated charges associated with the transfer of ownership of the property.

## PREPAID INTEREST

The amount of interest due on the loan during the time period between the closing of escrow and the first mortgage payment, due at the time of closing.

## PITI

The estimated house payment, including principal, interest, taxes and insurance.

## PRINCIPAL AND INTEREST

The loan payment, consisting of the amount to be applied against the balance of the loan, and the interest payment, which is charged for interest on the loan.

## TOTAL CASH REQUIRED

The total amount of cash the buyer will need, including down payment and closing costs.

## PREMIUM MORTGAGE INSURANCE (PMI)

Insurance for the lender, to cover potential losses if the borrower defaults on the loan.

