

# KEY TERMS

## TO KNOW WHEN BUYING A HOME



### Appraisal

**A report highlighting the estimated value of the property completed by a qualified third party.**

Lenders rely on appraisals to validate a home's value and ensure they're not lending more than the home is worth.



### Closing Costs

**The fees required to complete the real estate transaction. Paid at closing.**

Ask your lender for a complete list of closing cost items, including points, taxes, title insurance, and more.



### Credit Score

**A number ranging from 300–850 that's based on an analysis of your credit history.**

This helps lenders determine the likelihood you'll repay future debts.



### Down Payment

**Down payments are typically 3.5–20% of the purchase price of the home. Some 0% down programs are also available.**

Ask your lender for more information about what you may qualify for.



### Mortgage Rate

**The interest rate you pay to borrow money when buying a home.**

As mortgage rates fluctuate, consult a lender so you know how it can impact your monthly mortgage payment.



### Pre-Approval Letter

**A letter from a lender that shows what they're willing to lend you for your home loan.**

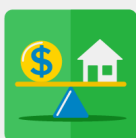
This, plus an understanding of your savings, can help you decide on your target price range.



### Inspection Contingency

**A provision in a contract requiring an inspection to be completed.**

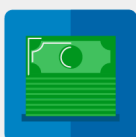
This essential step gives you information on the home's condition and potential repairs.



### Affordability

**A measure of whether someone earns enough to qualify for a loan on a typical home based on the most recent price, income, and mortgage rate data.**

When home prices and mortgage rates are higher, it can impact affordability.



### Equity

**The value of your home above the total amount of liens against your home.**

Many homeowners are realizing they have more equity than they thought and they're using it to move.