Your Credit Guide

Moving Beyond Short-term Problems Into A Lifetime Of Homeownership

The Gineve Group

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Moving On Through Homeownership

What’s your American Dream? Are you an aspiring homeowner? Are you a current homeowner, looking to reduce debt, move to a new home, manage your expenses comfortably — maybe even live mortgage-free? Whatever your dream, there are alternative lending programs to enable customers with credit concerns to get home financing and enjoy the long term rewards of homeownership.

Life Happens!

There are many reasons credit problems occur. Life-changing events — job loss, illness, divorce — can upset financial plans. Rising to a challenge, such as unexpected medical bills or a family member with special needs may require readjustment of bill-paying priorities. And there are the everyday problems millions of Americans face: too many expenses, not enough income. Take heart! By reviewing this guide, you’ve already taken an important step toward moving past credit issues and onto solid, home-based financial footing. The following pages contain simple and practical information about how a home can become your springboard to a more secure financial future.

The Many Benefits Of Homeownership

Achieving homeownership is a dream many of us share. It’s an accomplishment — a source of pride and a legacy to pass on to future generations.

Every monthly mortgage payment you make increases the equity you have in your home and makes your home asset more valuable. Research has shown that real estate can deliver a highly reliable increase in value compared to other types of investing. If you’re renting, those reliable returns are going into your landlord’s pocket — not yours. When you add in the federal tax deductions for mortgage interest and real estate taxes, homeownership becomes an even more attractive idea.

Flexible Programs Open The Door

- **Alternative Lending Programs** have more accommodating guidelines that allow for higher debt-to-income ratios and an expanded range of credit scores.
- **First-Time Homebuyer Programs** puts a property more comfortably within reach, offering down payment assistance and programs that help you overcome credit issues.
- **Debt Consolidation Programs** provide you with ways to access the equity you've established in your home to help pay off other debt that may be at a higher interest rate.
- **Low Down Payment Options** may enable you to purchase a home right now.
- **Renovation Programs** help you fix-up a home by providing the cash you need to do all your improvements. Renovation programs allow you to purchase a home or refinance your current home and get extra cash because the loan amount is based on the value of the home after renovations are complete.
- **New Construction Programs** provide you with longer rate range lock periods and single close options for purchasing a property and completing construction.

Let's Turn Your Dream Into Reality

Finding a lender with broad experience in helping Colorado's homebuyers is your first step. They will help you achieve your homeownership goals. They truly understand that any credit problems you may be experiencing are only temporary. So they focus less on your history and more on providing financing solutions that fit your present needs and future plans.

Excessive debt, slow payments, legal judgments, and even past bankruptcy are not necessarily deterrents. In fact, depending on your financial situation, you may be able to purchase or refinance a home with little money down.

Getting Ready To Buy

Get Preapproved

The first stop on the road to homeownership is with your local Mortgage consultant. Ask for a written preapproval letter which will make you a qualified buyer in the eyes of real estate agents and sellers. That means you can expect preferential treatment because there's no concern that your financing will fall apart. Preapproval has other benefits, as well:

- You know exactly how much you can spend on your new home.
- You won't waste time looking at or falling in love with properties that are out of your price range.
- There's no nerve-wracking waiting to see if you'll qualify to purchase a home after you've fallen in love with it.
- A preapproved buyer is a sure thing, so sellers will usually accept your offer first.
- Once you select a home, your loan approval process will be expedited and simple.

If you'd like to find out more about becoming preapproved**,** contact us today!

One-On-One Support

Mortgage consultants are trained to ask questions that will give them a clear picture of both your current needs and future goals. They can help you customize a home financing program that will not only help you buy a home now, but one that can also start you on the road to overall financial success. They help homebuyers every day in making the right choices for their home financing needs. Whatever your homeownership goals are, mortgage consultants can help you capitalize on purchase opportunities and make the most out of your home buying experience.

Extra Support When It's Needed

If you discover you're not qualified to buy a home right away, count on your mortgage specialist to work with you to overcome credit challenges. These programs are confidential credit counseling services that prepare you for homeownership. You'll work one-on-one with a professional credit representative who will review your credit report, develop a home purchase action and savings plan, and guide you through every step of the home financing process. It can be your quickest route to homeownership, with personal support that helps you:

- Resolve credit issues.
- Budget for a down payment.
- Establish a savings plan.
- Connect with down payment assistance programs.
- Educate, guide and prepare yourself for the responsibilities of owning a home.
- Become preapproved for financing.

The Rewards Of Refinancing

More and more homeowners are finding that their home's equity can be a powerful financial tool. You can leverage your home's equity to get onto solid financial footing. Refinancing your current mortgage may be a great step that can help you:

- Consolidate high-interest loans or bills into a single, more manageable monthly payment at a lower interest rate.
- Lower your interest rate.
- Reduce your monthly mortgage payments.
- Reduce the term of your existing mortgage to pay it off faster.
- Access available funds for tuition costs, home improvements or to cover large expenses.

A Word About Debt: Consolidate!

High interest rates on credit cards, loans and other debt can create a significant drain on your resources, and often make it difficult to get out from under and get ahead. Refinancing may offer you the opportunity to consolidate your debt, replacing double-digit rates with a far more attractive interest rate and lower monthly payment. There may also be tax advantages.[2]

Refinancing offers a variety of benefits, but like any money management tool, it may not be the best choice for your specific needs. Call your mortgage specialist for a free consultation. They will be happy to discuss the options open to you, and will help you decide which one is the most cost-effective solution for you.

When Should You Consider Refinancing?

Our home mortgage consultants will walk through the financing options available to you when you are considering a refinance. Here are a few of the factors they will look at:

- **Interest Rates.** If today's rates are at least .5% lower than your current interest rate, then it may be a good idea to consider refinancing your current mortgage to a lower rate loan.

- **Length of Time in the Home.** The longer you remain in your home the more likely your refinancing will pay off. If you're thinking about moving within 5 to 7 years, perhaps you should consider other debt consolidation options such as a home equity loan or line of credit instead.

- **Loan Term.** The amount of time needed to repay a loan is called the term. When interest rates are low enough, you may shorten the term of your loan without having to greatly increase your monthly mortgage payments. The shorter the term of the loan, the less you pay in interest for that loan.

Your Mortgage refinancing specialists can tailor a program to meet your current objectives while providing long-term financial benefits. Contact them for a complete list of options.

2. Consult your tax advisor for details.

Demystifying the Lending Process

Whether you're looking to refinance or buy, going to a mortgage lender may seem scary — especially when you know you have some credit blemishes. Home Mortgage consultants want to work with you and show you that there is nothing to be concerned about. Applying for a loan is simple, really.

Your home mortgage consultant will sit down with you and walk through the application process by asking you a series of questions. Your home mortgage consultant will also explain the process through closing so you know what to expect.

A Little About Credit

Credit is, very simply, the ability to borrow money — or obtain goods and services — with the promise to repay the lender over time. The interest rate charged to extend credit is usually a reflection of the lender's confidence in the borrower's ability to repay. Credit is generally established by taking actions such as getting a credit card or auto loan, and paying back the money within the specified terms.

There are many lending programs available for less-than-perfect credit. By borrowing through one of these programs and making timely payments you can help improve your overall credit rating.

Building Your Good Credit

If you're not sure how to establish good credit or improve your credit profile, you're not alone. Many Americans don't realize how their spending habits affect their credit. If you've only paid cash for purchases, have no credit cards or have never repaid a loan, you don't have a record that shows you make payments on time. If you've made some late payments or missed payments, that also appears on your credit report.

Here are some things credit counselors recommend to repair or establish good credit:

- **Open a checking account** in your own name, keep it balanced, and be sure not to bounce any checks.
- **Apply for a credit card.** Mortgage lenders usually want to see how you've handled smaller debt obligations, such as credit card balances. Experts advise having no more (or less) than two to four credit cards. By making regular payments over a period of time, you demonstrate you are capable of repaying a debt.
- **Make all payments on time.** It's the single most important factor! The due date is the date your payment should be *received*, not the date that it should be *mailed*.
- **Don't measure late payments by penalty fees,** even if there are several days between the time your monthly payment is due and the date the creditor assesses a late fee. Your payment may be recorded as late even if a late fee isn't charged.
- **If you missed any payments, catch up and stay current.** Your goal is to build a long history of on-time payments. The sooner you start, the better for your score.
- **Keep balances low.** The less available credit you use, the higher your credit score. So make up your mind to use only 50% of your limit on any credit card, regardless of whether you pay off the balance each month.

- **Keep your debt ratio between 20-30%.** The amount you pay each month for debts such as credit cards and consumer loans should total no more than 20 to 30% of your gross monthly income.
- **Don’t open credit cards you don’t need just to increase your available credit.** This could actually result in a lower score. It’s best to demonstrate responsible credit-building behavior on a few accounts, rather than having multiple accounts with little or no history.
- **Realize that paying off a collection account does not remove it from your credit report.** It will remain on your report for seven years. In addition, a closed account will also remain on your report, and may impact your score.
- **If you’ve had credit problems, start rebuilding.** To reestablish your creditworthiness, open a few carefully-chosen new accounts, and be sure you pay them off on time, every time.
- **Review your credit often.** Keeping tabs on your credit report is a good way to stay ahead of the game. By seeing what lenders see and knowing what your credit rating is, you head off any potential problems quickly. Reviewing your credit report is also a good way to check that you are not a victim of identity theft.

What Does Your Credit Report Say?

The first step in getting your credit in order is to understand your current credit report says. There are three major credit-reporting agencies that compile credit information on individuals. Any credit grantor — including your mortgage lender — will obtain your credit history from one or more of these sources, to help determine the level of risk.

If you don’t already know what’s in your credit report, you’ll want to find out. Each of the credit agencies may have a slightly different report. So, it’s a good idea to get a copy from each company. You may obtain records from these national credit repositories – you can get your credit report from all three agencies free once a year:

Equifax Credit Information Services, Inc
P.O. Box 740241, Atlanta, GA 30374 • 1-800-685-1111
www.equifax.com

Experian
PO Box 949, Allen,TX 7501 3-0949 • 1-888-397-3742
www.experian.com

Trans Union National Disclosure Center
P.O. Box 97328, Jackson, MS 39288-7328 • 1-800-916-8800
www.tuc.com

Correcting Errors

If you believe the report contains errors, contact the agency that issued it and tell them you wish to change or dispute information. The best way to contact the agency is in writing, by registered mail with a return receipt. This way, you will be able to verify that you filed a timely dispute, and assign some accountability to the agency.

Under terms of the Fair Credit Reporting Act (FCRA), an agency must investigate disputed items within 30 days, and they must provide you with a written report of their findings within five days after completing the investigation. They also must provide a copy of your credit report if it has changed because of your dispute. Once a dispute is settled, keep copies of all correspondence and payment records that prove your account has been paid in full.

Taking Control Of Your Finances

It Starts With A Budget

While some folks end up with poor credit through no fault of their own, others just aren't sure how to keep on top of their finances. Money can easily slip through our fingers, and cash often disappears without our even noticing how it was spent. A written budget can help you bring your spending more in line with your income. The worksheet on page 11-12 includes typical sources of income and expenditures, but feel free to add or delete categories to better match your own situation.

Trim Expenses

Taking time to understand your cash flow and eliminating unnecessary expenditures can lead to greater control of your money, improved creditworthiness, and the ability to reach your homeownership goals. Once you've identified how much you need to cover the necessary expenses, take a look at some of the 'extras' (like entertainment or dining out) and see if you can find some additional money each month.

You can also try these strategies to give your finances a boost:

- **Pay off your highest-interest debt first**, including loan balances, credit cards and lines of credit. Be sure you also make at least the minimum payment on all other bills, too.
- **Reduce your credit limit** so you are less tempted to borrow more money than you can pay back. And don't "max out." Drawing on too much of your available credit limits can send up a cautionary flag to lenders. (As suggested earlier in this guide, commit to using no more than 50% of your limit on credit cards.)
- **Determine your most important upcoming expenses** (buying a new home or a new car, funding your children's education, or paying off credit card balances, for example) and how much you expect them to cost. Then, determine how much you can save each month toward that goal. If possible, use a direct deposit program to put the money away automatically from your pay check.
- **Consider refinancing** if you are already a homeowner. With today's attractive interest rates, you may be able to reduce your monthly payments. Your Mortgage consultant can tailor a program with flexible guidelines to fit most credit profiles.

Dreaming Is The First Stage

Benefit from the strengths of a mortgage company that is committed to offering one of the most extensive product lines in the mortgage lending industry, such as,

- Low- to moderate-income lending
- Relocation lending
- Reverse mortgage lending (must be 62 years or older)
- New construction lending
- Credit challenge solutions
- Renovation lending
- Home mortgage servicing

Category	Monthly Budget	Actual Expense	Difference
MEDICAL/HEALTH			
Health Insurance			
Dental Insurance			
Doctor Bills			
Dental Bills			
Prescriptions			
TOTAL Medical/Health Expenses			
CHILDREN'S EXPENSES			
Child Care			
School Tuition			
Activities			
Clothing			
Allowances			
TOTAL Children's Expenses			
PERSONAL EXPENSES			
Clothing			
Grooming			
TOTAL Personal Expenses			

LOAN PAYMENTS/CREDIT CARDS

Credit Card: Balance:			
Credit Card: Balance:			
Credit Card: Balance:			
Credit Card: Balance:			
Student Loans: Balance:			

Personal Loans: Balance:			
Personal Loans: Balance:			
TOTAL Loan Payments/Credit Cards			

MISCELLANEOUS COSTS

TOTAL MONTHLY INCOME			
TOTAL MONTHLY EXPENSES			

DIFFERENCE

Glossary[3]

Adjustable-Rate Mortgage (ARM) – A mortgage in which the interest rate is adjusted periodically according to a preselected index.

Alternative Financing – A home financing program that accommodates borrowers with special qualifying factors, including poor credit histories.

Annual Percentage Rate (APR) – A yearly percentage rate that expresses the total finance charge on a loan over its entire term.The APR includes the interest rate, fees, points, and mortgage insurance and is therefore a more complete measure of a loan's cost than the interest rate alone.The loan's interest rate, not its APR, is used to calculate the monthly principal and interest payment.

Application Fee – A sum of money paid towards estimated initial mortgage processing expenses such as appraisal and credit report.

Appraisal – A report made by a qualified person setting forth an opinion or estimate of property value. The term also refers to the process by which this estimate is obtained.

Appreciation/Depreciation – "Appreciation" refers to the increase in a property's value, except for inflation. When a property decreases in value, it is called "depreciation".

Assessed Value – The value that a taxing authority places on real or personal property for the purpose of taxation.

Automated Underwriting – A computerized method of reviewing home mortgage applications for loan approval.

Bridge Loan – A form of second deed of trust or mortgage that is collateralized by the borrower's present home (which is usually for sale) in a manner that allows the proceeds to be used for closing on a new house before the present home is sold.

Broker – An individual employed on a fee or commission basis as a real estate agent to bring buyers and sellers together and assist in negotiating contracts between them for the sale of residential real estate.

Buyer's Broker – Most real estate brokers and agents work only for the sellers. A buyer's broker serves the interest of the buyer and has no relationship with the seller.

Cash to Close - Liquid assets that are readily available to be used to pay the closing costs involved in a closing of a mortgage transaction.

Cash Reserve - A requirement by some lenders that buyers have sufficient cash remaining after closing to make the first mortgage payment.

Capital Gains – Used for tax purposes,this is the capital gain you make when you sell your home. For example, if you purchase a property for $100,000 and sell it some years later for $150,000, your capital gain is $50,000.

Closing – The consummation of a real estate transaction.The closing includes the delivery of a deed, financial adjustments, the signing of notes, and the disbursement of funds necessary to complete the sale and loan transaction.

Closing Agent – Usually an attorney or title agency representative who oversees the closing and witnesses the signing of the closing documents.

Closing Costs – The costs paid by the mortgage borrower (and sometimes the seller) in addition to the purchase price of the property.These include the origination fee, discount points, appraisal, credit report,title insurance, attorney's fees, survey, and prepaid items such as tax and insurance escrow payments.

Collateral - Property pledged as security for a debt, such as the real estate pledged as security for a mortgage.

3.The terms in this glossary refer to your primary mortgage loan and do not necessarily apply to your home equity loans and home equity lines of credit.

Collection - The servicing procedure followed to bring a delinquent mortgage current and to file the required notices to bring foreclosure when necessary.

Commission – Compensation for negotiating a real estate or loan transaction, often expressed as a percentage of the selling price or loan amount.

Commitment Letter – A formal offer by a lender stating the terms under which it agrees to loan money to a homebuyer.

Comparable Market Analysis (CMA) – A written analysis of houses having similar characteristics currently being offered for sale, as well as comparable houses sold in the past six months.This enables you to determine if you are paying market value for a home and to identify whether market prices are rising or falling.

Compensating Factors - Positive characteristics of a borrower's credit, employment or savings history which may be used to offset high debt-to-income ratios in the underwriting process.

Contingency – A condition that must be met.

Conventional Loan – A mortgage not obtained under a government insured program (such as FHA or VA).

Credit Report – A report detailing an individual's credit history.

Debt-To-Income Ratio – A formula lenders use to determine the loan amount for which you may qualify. Also known as the "back-end ratio."Guidelines may vary, depending on the loan program.

Default – The failure to perform an obligation as agreed in a contract.

Delinquency - A loan payment that is overdue but within the period allowed before actual default is declared.

Department of Housing and Urban Development (HUD) - A governmental entity responsible for the implementation and administration of housing and urban development programs. HUD was established by the Housing and Urban Development Act of 1965 to supersede the Housing and Home Finance Agency.

Down Payment – Money paid to make up the difference between the purchase price and the mortgage amount.

Equity – The ownership interest; i.e., portion of a property's value over and above the liens against it.

Escrow – An item of value, money, or documents deposited with a third party to be delivered upon the fulfillment of a condition. For example, the deposit by a borrower with the lender of funds to pay taxes and insurance premiums when they become due or the deposit of funds or documents with an attorney or escrow agent to be disbursed upon the closing of a sale of real estate. In some parts of the country, escrows of taxes and insurance premiums are called impounds or reserves.

Fixed-Rate Mortgage – A mortgage in which the interest rate and payments remain the same for the life of the loan.

FICO Score – A numerical rating developed and maintained by Fair Isaac and Company that indicates a borrower's creditworthiness based on a number of criteria.

Float The Rate – This term is used when a mortgage applicant chooses not to secure a rate lock but instead allows the note rate pricing to fluctuate until the applicant decides to lock in, usually no later than five days prior to closing.

Foreclosure – A legal procedure in which property mortgaged as security for a loan is sold to pay the defaulting borrower's debt.

Framing – Building the skeleton of the house by erecting the walls, floors, ceiling, and roof structures.

Front-End Ratio – Also known as the housing expense-to-income ratio It compares your proposed monthly house payment (PITI) to your total household gross monthly income.

Good Faith Estimate – A document which tells borrowers the approximate costs they will pay at or before settlement, based on common practice in the locality.Under requirements of the Real Estate Settlement Procedures Act (RESPA), the mortgage banker or mortgage broker, if any, must deliver or mail the GFE to the applicant.

Government Loan – A mortgage insured by a government agency, such as FHA,VA, Farmers Home Administration, or a state bond program.The loans are generally made by private lenders.

Gross Monthly Income - Total monthly income earned before tax and other deductions.

High-Ratio Loan - Mortgage loans in excess of 80 percent of the loan amount divided by the lower of the sales price or appraised value.

Home Equity Line of Credit - A form of revolving credit in which your home serves as collateral.

Home Equity Loan - A loan based on the equity in the mortgagor's house.The real property is the security for the loan.

Home Mortgage Consultant – The Home Mortgage representative a homebuyer initially consults about a mortgage loan. Sometimes called a loan officer, account executive, or sales representative.

Home Warranty – a kind of insurance that covers the cost of repairs to specific items in the home for a specified period of time.

Homeowners Insurance (also called Hazard Insurance) – A real estate insurance policy required of the buyer to protect the property against loss caused by fire, some natural causes, vandalism, etc. May also include added coverage such as personal liability and theft away from the home.

Housing Expense Ratio - The relationship of a borrower's monthly payment obligation on housing (PITI and other applicable housing expenses) divided by gross monthly income, expressed as a percentage. Also called the top ratio.

House Inspection – A thorough evaluation and written report of a home's condition both inside and out.The inspection is valuable in locating any problems in a property and helps you determine the extent of renovation needed.You can use the report to have the seller make repairs or reduce the purchase price. Always use your own inspector, and do not rely solely on the seller's inspection reports.

HUD-1 Settlement Statement – A standard form used to disclose costs at closing.

Income/Expense Ratio - A qualifying ratio used in underwriting a residential mortgage loan which computes the percentage of monthly income required.

Index – A published interest rate, such as the prime rate, LIBOR,T-Bill rate, or the 11th District COFI. Lenders use indexes to establish interest rates charged on mortgages or to compare investment returns. On ARMs, a predetermined margin is added to the index to compute the interest rate adjustment.

In File Credit Report - Unverified credit report which may contain unchecked, duplicated, or overlapping data. It is often used for a quick look at a prospective borrower's credit history.

Interest Rate – The percentage of an amount of money which is paid for its use for a specified time.

Installment - The periodic payment that a borrower agrees to pay a mortgage lender.

Interim Interest – The interest that accrues, on a per diem basis, from the day of closing until the end of the month.

Judgment - Final determination by a court of the rights and claims of the parties to an action.

Line of Credit - An agreement by a commercial bank or other financial institution to extend an open-ended line of credit up to a certain amount for a certain time to a specific borrower. (See also home equity line of credit.)

Leverage – Using credit or borrowed money to increase the rate of return from an investment. For example, by purchasing a $100,000 home with 10 percent down, you are using just $10,000 to control the investment.

Lien – A legal claim or attachment against property as security for payment of an obligation.

Loan Conditions – These are terms under which the lender agrees to make the loan.They include the interest rate, length of loan agreement, and any requirements the borrower must meet prior to closing.

Loan Payment Reserves – A requirement of many loan programs that, in addition to funds for the down payment and other purchase-related costs, you have saved enough money to cover one or two months of mortgage payments after your closing.

Loan Settlement – The conclusion of the mortgage transaction.This includes the delivery of a deed, the signing of notes, and the disbursement of funds necessary to the mortgage loan transaction.

Loan-To-Value (LTV) – The ratio between the amount of a given mortgage loan and the lower of sales price or appraised value.

Margin – The set percentage the lender adds to the index rate to determine the interest rate of an ARM.

Mortgage – The conveyance of an interest in real property given as security for the payment of a loan.

Mortgagee – The lender on a mortgage transaction.

Mortgage Insurance (MI) – See Private Mortgage Insurance (PMI).

Mortgage Specialist – The representative responsible for collecting the completed application and all supporting documents before the entire loan packet is submitted to underwriting. Also known as a processor.

Mortgagor – The borrower in a mortgage transaction who pledges property as security for a debt.

Multiple Listing Service – A computer-based shared listing service for real estate agents that provides descriptions of most of the houses for sale in an area.

Nonconforming Loan – Conventional home mortgages not eligible for sale and delivery to either FNMA or FHLMC because of various reasons, including loan amount, loan characteristics, or underwriting guidelines.

Note – A general term for any kind of paper or document signed by a borrower that is an acknowledgment of the debt and is, by inference, a promise to pay.When the note is secured by a mortgage, it is called a mortgage note and the mortgagee (lender) is named as the payee.

Origination Fee – The amount charged for services performed by the company handling the initial application and processing of the loan.

Points – A one-time charge by the lender to increase the yield of the loan; a point is 1% of the amount of the mortgage.

Preapproval – A written commitment from a lender, subject to a property appraisal and other stated conditions, that lets you know exactly how much home you can purchase.

Prepaids – Closing costs related to the mortgage loan which are collected at loan closing — including per diem prepaid interest and initial deposits of monthly escrows of taxes and insurance.

Prepayment Penalty - A penalty fee charged under a note, mortgage or deed of trust, imposed when the loan is paid before it is due. Application of this fee varies by lender.

Principal – The amount borrowed or remaining unpaid; also that part of the monthly payment that reduces the outstanding balance of a mortgage.

***P,io,itp*Buyer®** – A Wells Fargo Home Mortgage customer who has been preapproved for their mortgage loan amount.

Private Mortgage Insurance (PMI) – Insurance written by a private company protecting the mortgage lender against loss resulting from a mortgage default.

Processing – The preparation of a mortgage loan application and supporting documentation for consideration by a lender or insurer.

Purchase Contract (Agreement/Offer) – An agreement between a buyer and seller of real property, setting forth the price and terms of the sale. Also known as a sales contract.

Qualifying Ratios - Guidelines applied by lenders to determine how large a loan to grant a home buyer.

Rate Cap – The limit of how much the interest rate may change on an ARM at each adjustment and over the life of the loan.

Rate Lock – The borrower and the lender agree to protect the interest rates, points, and term of the loan while it is processed.

Real Estate Agent – A salesperson, usually licensed by the state, and supervised by a broker. Agents work solely on commissions earned by selling properties.

REALTOR® – Person licensed to sell or lease real property acting as an agent for others and who is a member of a local real estate board affiliated with the National Association of Realtors®.

Refinancing - The repayment of a debt from the proceeds of a new loan using the same property as security.

Return On Investment – The percentage of capital gain that you make on an investment. For example, say you invest $1,000 into a property, and a year later it is worth $1 ,500.Your return on investment equals the profit ($500) divided by the initial investment ($1,000) or 50 percent.

Survey – The measurement and description of land by a registered surveyor.

Tax Lien - A claim against property for unpaid taxes.

Title Insurance – An insurance policy that protects a lender and/or homebuyer (only if homebuyer purchases a separate policy, called owner's coverage) against any loss resulting from a title error or dispute.

Truth-In-Lending Statement – A full disclosure of credit terms using a standard format per federal law.This is intended to facilitate comparisons between the lending terms and financial institutions.

Underwriting – Analysis of risk, determination of loan eligibility, and setting of an appropriate rate and terms for a mortgage on a given property for given borrowers.

VA Funding Fee – The amount charged on VA mortgages to cover administrative costs.