



**WHETHER YOU'RE BUYING OR SELLING YOUR HOME,** there is a whole world of real estate lingo to learn. Below are a few of the more common real estate abbreviations spelled out to give you a head start on your new vocabulary.

### **ARM (ADJUSTABLE RATE MORTGAGE)**

A home loan that can adjust the interest based upon market rates after the set fixed period on the note has expired. Generally, an ARM will carry a lower interest rate than a fixed rate mortgage but is not fixed for the life of the loan.

### **APR (ANNUAL PERCENTAGE RATE)**

A term used in the Truth-In-Lending Act (see TILA below) to represent the full cost of a loan. Stated as a yearly rate, APR includes base interest rate, loan origination fee (points), commitment fees, prepaid interest and other credit costs that may be paid by buyer.

### **HOA (HOMEOWNER'S ASSOCIATION)**

Homeowners associations are designed to manage common or shared property, protect owners' property values, provide services to residents, and develop a sense of community through social activities and amenities.

### **LTV (LOAN-TO-VALUE RATIO)**

A percentage calculated by dividing the amount borrowed by the price of the home to be purchased; the higher the LTV, the less cash a borrower is required to pay as down payment.

### **PITI (PRINCIPAL, INTEREST, TAXES & INSURANCE)**

The four elements of a monthly mortgage payment; payments of principal and interest go directly towards repaying the loan while the portion that covers taxes and insurance goes into an escrow account to cover the fees when they are due.

### **PMI (PRIVATE MORTGAGE INSURANCE)**

A policy that protects lenders against some or most of the losses that can occur when a borrower defaults on a mortgage loan; mortgage insurance may be required for borrowers with a down payment of less than 20% of the home's purchase price.

### **TILA (TRUTH IN LENDING ACT)**

Federal law which requires disclosure of a truth in lending statement for consumer loans. The statement includes a summary of the total cost of credit such as the APR and other specifics of the loan.

These are just a few of the terms that you will hear on your journey of buying or selling your home. **CONTACT YOUR REALTOR® TO TAKE THE FIRST STEP ON THIS JOURNEY TODAY!** *Source: garealtor.com*

