

GLOSSARY OF LENDING AND BUILDING TERMS

ACRE— A measurement of land equal to 43,560 sq. ft.

ADJUSTABLE RATE MORTGAGE (ARM) — A loan with an interest rate that is periodically adjusted to reflect changes in a specified financial index.

AMORTIZATION — The process of paying the principal and interest on a loan through regularly scheduled installments.

ANNUAL PERCENTAGE RATE (APR)—The cost of the loan expressed as a yearly rate on the balance of the loan.

APPRAISAL — Process to determine the value of your property as is or as completed. This is usually based on other similar properties sold in areas close to your site.

BUILDING CODE — a comprehensive set of laws that controls the construction or remodeling of a home or other structure.

BUILDING MORATORIUM — a halt on home construction to slow the rate of development.

BUILDING PERMIT — a permit issued by a local municipality that allows the construction or renovation of house.

BUILDING LINE OR SETBACK — Guidelines that limit how close one can build to the front, rear and side property lines

CANTILEVER — A beam that extends beyond its support and is supported on one end only. Homes build over the side of a hill are called cantilever homes.

CERTIFICATE OF OCCUPANCY — A document that states that a home or other building is in compliance with all building codes and is suitable for habitation.

CERTIFICATE OF TITLE — A written opinion on the status of a piece of property based on an examination of the public record.

CLOSING — The final procedure in which documents are signed and recorded, and the property is transferred.

CLOSING COSTS — Incidental expenses to the sale of real estate, including loan, title and appraisal fees.

CLOSING STATEMENT— A document which details the final financial settlement between a buyer and seller, and the costs paid by each party.

CODE ENFORCEMENT OFFICIAL — A municipal employee who enforces the building code to ensure that work is performed correctly. Code enforcement officials must be certified by New York State. A list of certified entities may be found at <http://www.dos.state.ny.us/DCEA/>

CONSTRUCTION LOAN — A short-term loan a lender makes for the construction of homes and buildings. The lender disburses the funds in states. This may or may not roll into your permanent mortgage.

CREDIT HISTORY — A record of current and past debt payments of an individual

CREDITOR — An individual or institution to whom a debt is owed.

CREDIT RATING — The degree of credit-worthiness assigned to a person based on credit history and financial status.

CREDIT REPORT — A credit bureau report that shows a loan applicant's history of payments made on previous debts. Several companies issue credit reports, but the three largest are TransUnion, Equifax and Experian (formerly TRW).

DEAD LOAD — The weight of structural parts of a building and other fixed loads.

DISCOUNT POINTS — Fees that a borrower pays at the time the lender makes the loan. A point equals one percent of the total loan amount.

DOWN-PAYMENT — The amount of money a buyer agrees to give the seller when a sales agreement is signed. Complete financing is later secured with a lender.

ESCROW ACCOUNT — An account a lender or mortgage service establishes to hold funds for the payment of expenses such as homeowner's insurance and property taxes. Also known as an impound account. This may be added to your mortgage payment.

FANNIE MAE — The official name of the Federal National Mortgage Association. It is a Congressionally-chartered, shareholder-owned company that buys mortgages from lenders and resells them as securities on the secondary mortgage market.

FEDERAL HOME LOAN MORTGAGE CORP — The Federal Home Loan Mortgage Corp, commonly known as Freddie Mac. The company buys mortgages from lending institutions, pools them with other loans, and then sells shares to investors.

FINISH GRADE — Any surface which has been cut to or built to the elevation indicated for that point, for example: surface elevation of lawn, driveway, or other improved surfaces after completion of grading operations.

FOOTER — Extends below the ground frost-level and supports the home or the walls of the foundation. It prevents the foundation from moving.

FRONTAGE — The portion of property that borders a roadway or body of water.

GRACE PERIOD — A specified amount of time to make a loan payment after its due date without penalty.

GROSS INCOME— The total income of a household before taxes or expenses are subtracted.

HOME RULE— The power of a local government to adopt its own land-use regulations.

INSURABLE TITLE — Title to property that a company agrees to insure against defects and disputes.

INSURANCE BINDER— A temporary insurance arrangement usually put in force until a permanent policy can be obtained.

INTEREST— The fee borrowers pay to obtain a loan. It is calculated based on a percentage of the total loan.

JUDGMENT — The decision of a court of law. If a court decides that a person must repay a debt, a lien may be placed against that person's property.

LAND EQUITY — Value in your land that can be used toward your down payment. This is calculated by taking the appraised value of the land, less any monies owed against the land, and then multiplied by 80%.

LIEN — A claim laid by one person or company on the property of another as security for money owed.

LIVE LOAD — Weight on a structure consisting of movable objects and persons.

LOAN-TO-VALUE RATIO (LTV) — A technical measure used by lenders to assess the relationship of the loan amount to the value of the property.

LOCK-IN — When interest rates are volatile, many borrowers want to "lock-in" an interest rate and many lenders will oblige, setting a limit on the amount of time the lock-in is in effect.

PITI (PRINCIPAL, INTEREST, TAXES, INSURANCE) — When a buyer applies for a loan, the lender will calculate the principal, interest, taxes and insurance. The figure is designed to represent the borrower's actual monthly mortgage-related expenses.

POINT — A fee charged by lenders at the time a loan is originated. A point is equal to one percent (1%) of the total loan amount.

POWER OF ATTORNEY — A document that authorizes an individual to act on behalf of someone else.

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PRIVATE MORTGAGE INSURANCE (PMI) — A special type of loan insurance that many lenders require borrowers to purchase if the borrower's down payment is less than 20 percent of the home's purchase price.

R-FACTOR (RESISTANCE FACTOR) — A method used for calculating heat leakage using thermal resistance. It is the reciprocal of heat transfer (U). The formula is $R = 1/U$. Plaster has an R value of .09 whereas concrete block is 1.11.

RISE — The vertical distance between the plate line of a house and the ridge of the roof.

SHEETROCK — Another name for drywall or wall board

SLOPE — Indicates the incline of a roof as a ratio of the vertical rise to the horizontal run. It is expressed sometimes as a fraction but typically as "X" in 12. For example, a roof that rises at the rate of 4 inches for each foot (12 inches) of run is designated as having a 4 in 12 slope (4/12).

SQUARE — Roofing is estimated and sold by the square. A square of roofing is the amount required to cover 100 sq. feet of roof surface.

SURVEY — This is the official map of your property. A boundary Survey shows just that — the outside perimeter of your property. A Plot Plan is a

boundary Survey that shows where you plan to locate your house. Most lenders require your survey to be fully updated once your project is completed, prior to final funding.

TITLE — The actual legal document conferring ownership of a piece of real estate.

TITLE COMPANY — Firms that ensure that the title to a piece of property is clear and provide title insurance.

TITLE INSURANCE — A policy issued to lenders and buyers to protect any losses because of a dispute over the ownership of a piece of property.

TITLE SEARCH — A check of public title records to ascertain that the seller is the legal owner and that there are no claims or liens against the property.

U-FACTOR — The rate at which heat is lost through a building's exterior walls, roof, windows, doors and foundation. It depends on the type of material through which it passes. A window would have an average U factor of .62, whereas a ceiling with R-19 insulation would have a U value of .055.

VAPOR BARRIER — Material used to retard the passage of vapor or moisture through walls and thus prevent condensation within the walls. It is also called a moisture barrier, and is installed between insulation and the interior wall.

VARIABLE RATE MORTGAGE — A loan with an interest rate that hinges on factors such as the rate paid on bank certificates and Treasury bills.

ZONING — Regulations that control the use of land within a jurisdiction.