



Buying or refinancing a home is exciting - but **understanding the terms** can feel overwhelming. This **glossary is your go-to guide to make sense** of the mortgage process, from A to Z. At Northpoint Mortgage, **we believe** informed clients make confident homeowners.

<b>Term</b>	<b>Definition</b>
Amortization	The process of paying off a loan over time through regular payments of principal and interest.
Appraisal	An evaluation of a property's market value by a licensed professional.
APR (Annual Percentage Rate)	Represents the yearly cost of borrowing, including interest and fees.
Closing Costs	Fees and expenses paid at the closing of a real estate transaction, such as title insurance or taxes.
Conventional Loan	A mortgage not insured or guaranteed by the government, often with flexible terms.
Debt-to-Income Ratio (DTI)	A percentage that compares your total monthly debts to your gross monthly income.
Down Payment	The initial cash payment made toward the purchase of a home, typically a percentage of the price.
Equity	The difference between your home's value and the amount you still owe on your mortgage.
Escrow	An account held by a third party to manage funds for property taxes, insurance, and other costs.
Fixed-Rate Mortgage	A mortgage with an interest rate that remains the same for the life of the loan.

Government Loan	A loan insured or backed by a government agency such as FHA, VA, or USDA.
Homeowners Insurance	Protects your home and possessions against damage or loss.
Interest Rate	The percentage charged by a lender for borrowing money.
Jumbo Loan	A mortgage that exceeds the conforming loan limits set by Fannie Mae and Freddie Mac.
Loan Estimate	A form that provides details about your loan terms, payments, and closing costs.
Loan-to-Value Ratio (LTV)	The ratio of a loan amount to the appraised value of the property.
Mortgage Insurance (PMI)	Insurance that protects the lender if the borrower defaults, usually required for low down payments.
Pre-Approval	A lender's initial assessment indicating how much you may be qualified to borrow.
Principal	The amount of money borrowed to buy a home, excluding interest.
Refinance	Replacing an existing mortgage with a new one, often to reduce the interest rate or change loan terms.
Title Insurance	Protects against potential ownership disputes or liens on the property.
Underwriting	The process lenders use to assess risk and determine if a borrower qualifies for a loan.
VA Loan	A mortgage backed by the U.S. Department of Veterans Affairs for eligible service members and veterans.

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