



# COMMON MORTGAGE TERMS

## APPLICATION & LOAN PROCESS TERMS

- 1003 – The standard mortgage application form used by lenders to collect your information.
- AE (Account Executive) – The contact between your mortgage broker and the lender.
- LO (Loan Officer) – The licensed professional (that's us!) guiding you through your mortgage from start to finish.
- LOE (Letter of Explanation) – A brief note from you explaining something in your file, like a job gap or large deposit.
- LOS (Loan Origination System) – The software used by lenders to process and track your loan.
- DU (Desktop Underwriter) – Fannie Mae's automated system that helps assess risk.
- LPA (Loan Product Advisor) – Freddie Mac's version of an automated underwriting system.
- AUS (Automated Underwriting System) – Technology used to evaluate your application and determine your eligibility.

## MORTGAGE TYPES & LOAN PROGRAMS

- ARM (Adjustable Rate Mortgage) – A mortgage with a rate that may go up or down over time.
- IRRRL (Interest Rate Reduction Refinance Loan) – A streamlined VA refinance option to lower your rate.
- R/T (Rate and Term Refinance) – A refinance to change your interest rate or loan term—without taking cash out.
- C/O (Cash-Out Refinance) – Replacing your loan and borrowing extra funds from your home's equity.
- HELOC (Home Equity Line of Credit) – A revolving line of credit that lets you borrow from your home equity.
- QM (Qualified Mortgage) – A type of loan designed to be affordable and safe for the borrower.

## MORTGAGE MARKET PLAYERS

- FNMA (Fannie Mae) – A government-sponsored enterprise that buys and guarantees mortgages.
- FMCC (Freddie Mac) – Another government-sponsored enterprise that supports the mortgage market.
- HOA (Homeowners Association) – A group that manages shared spaces and enforces community rules.

## CREDIT AND FINANCIAL TERMS

- FICO – Your credit score, used to evaluate your creditworthiness.
- DTI (Debt-to-Income Ratio) – The percentage of your income that goes toward debt payments.
- VOE (Verification of Employment) – Confirms that you're currently employed.
- VOI (Verification of Income) – Confirms how much money you earn.
- VOM (Verification of Mortgage) – A record of your past or current mortgage payments.





# COMMON MORTGAGE TERMS

## APPRAISAL, TITLE AND CLOSING

- AMC (Appraisal Management Company) – Coordinates appraisals between lenders and appraisers.
- COC (Change of Circumstance) – A change in your file that requires updated loan disclosures.
- CD (Closing Disclosure) – A detailed breakdown of your final loan costs, provided before closing.
- LE (Loan Estimate) – A document that outlines estimated loan terms, payments, and closing costs.
- POC (Paid Outside Closing) – Fees (like for an appraisal) that are paid before closing day.
- CTC (Clear to Close) – The official “green light” that your loan is ready for closing.

## LOAN STRUCTURE & PAYMENTS

- LTV (Loan to Value) – The percentage of the home's value you're borrowing.
- CLTV (Combined Loan to Value) – The total of all loans secured by the property divided by its value.
- P&I (Principal and Interest) – The core of your monthly mortgage payment.
- PITI (Principal, Interest, Taxes, Insurance) – The full monthly payment, including escrowed taxes and insurance.

## INSURANCE AND MORTGAGE PROTECTIONS

- MI (Mortgage Insurance) – Required if you put less than 20% down on a conventional loan, or on all FHA and USDA loans.
- BPMI (Borrower Paid Mortgage Insurance) – Mortgage insurance paid monthly by the borrower.
- LPMI (Lender Paid Mortgage Insurance) – The lender pays the insurance, usually with a slightly higher interest rate.
- UFMIP (Upfront Mortgage Insurance Premium) – A one-time premium paid upfront on FHA and USDA loans.
- HOI (Homeowners Insurance) – Insurance to protect your home from damage, theft, or loss.
- EOI (Evidence of Insurance) – Proof of insurance coverage—required before closing.

## OTHER HELPFUL TERMS

- HPML (High-Priced Mortgage Loan) – A loan with an interest rate above a certain threshold.
- TIL (Truth in Lending) – A form that explains the true cost of borrowing money, including interest.