

# Here's a basic guide to 'mortgage-speak'

If you're among the millions of homeowners who will be buying a house this year, or refinancing your current residence, you may

be confused by the terms routinely used by the mortgage industry.

Terms such as APR, point, ARM and so on are peculiar to the mortgage industry. Many people don't understand these terms and how they can affect your ability to obtain and pay for a mortgage.

It's best if you have a mortgage lender you can trust to explain all the financing process to you in easy-to-understand language. But, as a start, you might want to read this short review of mortgage terms and their definitions. These might help you begin to ask the right questions when it comes time to finance or refinance your home.

**ARM or Adjustable Rate Mortgage** — These are terms that describe mortgages with adjustable interest rates. Your interest rate is based on changes in national financial indexes, so it may go up or down.

Some loan plans have rate or payment caps, limiting the increase in your rate. These caps may prevent large fluctuations in payments, but may cause negative amortization. What's that? Read on.

**Negative Amortization** — If mortgage payments do not cover the full amount of interest due, the unpaid interest is added to the mortgage principal. This could mean after a few years of making mortgage payments, you could end up with a higher principal balance than when you started.

**Point** — A point is equal to one percent of the principal amount of the mortgage. The lender charges these points to increase the yield on the mortgage and make it more competitive with other types of investments.

**APR or Annual Percentage Rate** — As mandated by the Truth in Lending Act, the APR is the total interest rate you are charged for the loan, including interest, points and other costs.

**Balloon Mortgage** — This mortgage has a typically lower interest and a shorter term than the standard 15- or 30-year mortgage. The balance of the mortgage is then due in a lump sum payment at the end of the mortgage period. This type of loan could also result in negative amortization.

**Escrow Account** — A portion of the homeowner's monthly payment is held by a lender or servicer to help pay taxes, hazard insurance, mortgage insurance and other items as they become due.

**Wraparound Mortgage** — A refinancing

See BULLY, 10E

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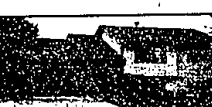


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If you want space & privacy, Builder has left nothing out. 4BR, 2.5 baths, 2 laundry rooms, home office, upstairs den, 3 1/2 car garage, storage garage! \$499,900 (OE17MD) 810-679-3400



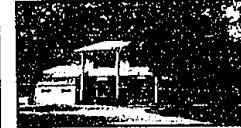
**UP NORTH FEELING!**  
Healed on 1.5 acre wooded lot. Beautiful natural setting with many windows. This one has a full bath, attached is an authentic log cabin with fireplace. Great den or third bedroom. Hurry - lots more in this area! \$334,900 (OE04AGD) 647-1800



**ELEGANT**  
Tudor colonial offers 4BR, 2 1/2 baths, spacious kitchen, formal DR/LR, library, master BR suite w/whirlpool bath, cedar deck, pool, landscaping. Pella windows - 3 car garage and 1 finished basement. \$238,000 (OE15LE) 810-679-3400



**SPACIOUS COLONIAL IN WEST BLOOMFIELD**  
4 bedroom traditional home in Bloomfield School District. Large corner lot, side entrance garage, fireplace, central air, master bath. Home warranty. \$209,900 (OE31103T) 646-1800



**BLOOMFIELD SCHOOLS!**  
5BR, 2 1/2 colonial on park-like lot. New furnace, A/C compressor, heat, many windows, kitchen, patio, walkway & brick borders. Preachod, tennis, pool & clubhouse in sub. \$189,900 (OE33FOX) 810-679-3400



**THIS IS IT!**  
Fabulous 4 bedroom, 2 1/2 bath Southfield ranch on quiet dead end street. This house has been updated through-out. This house is must see! \$184,900 (OE06EED) Call today (810) 737-9000



**BIRMINGHAM BUNGALOW**  
This home features a master bedroom suite with full bath and large closets. Updated kitchen includes appliances and table space. Formal dining room, Florida room, landscaped yard, central air and home warranty. Great value. \$139,900 (OE085TA) 642-2400



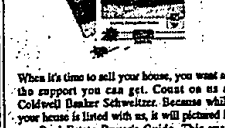
**TOTALLY UPDATED BIRMINGHAM**  
3 bedroom, 2 baths. All new carpeting and windows throughout. New furnace, updated plumbing and electrical. All new light fixtures. New kitchen and master bath. This one is a \$129,900 (OE23CHA) 647-1900



**STUNNING FOUR BEDROOM**  
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**ROYAL OAK IN-LAW APARTMENT**  
Cory home with two bedrooms in-law apartment in daylight basement could be a 4 bedroom large family home. Both have updated. \$82,900 (OE12UN) 810-679-3400



**BEAUTIFUL BLOOMFIELD COLONIAL**  
4 bedroom 2.5 bath in wonderful sub. Numerous updates inside & out. Access to nearby roads and freeways. Heavy wood lot. Bloomfield schools. \$184,900 (OE37ASP) 647-1900



**FABULOUS BRICK TUDOR IN PONTIAC**  
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**AUBURN HILLS**  
EXCELLENT BUSINESS LOCATION Prime area, great exposure. Currently income property (\$650.00 per month). 2 car garage, close to I-75 expressway, adjacent property of 15 acres is zoned B2. \$230,000 (OE05GPD) 810-679-7004

**BLOOMFIELD TWP.**  
Country living on acre plus private lot 2,000 sq. ft. quality, custom built one owner ranch w/many extras. 3BR/2.5 bath, first floor laundry, full basement w/ full ceiling, Bloomfield Hills Schools. \$284,900 (OE02COX) 810-679-3400

**DETROIT**  
INVESTMENT PROPERTY Excellent rental opportunity! Lower unit is 2 bedroom and currently earns \$400.00 per month. Upper unit is 2 bedroom and currently earns \$350.00 per month. 2 car garage and paved driveway. \$28,000 (OE14HOG) 810-679-7004

**FARMINGTON HILLS**  
NEW CONSTRUCTION Cedar model to be built. 3 or 4 bedrooms, separate dining area, den first floor laundry, basement, all garage. Selected options available. Make your selections. (OE-H-00POT) \$173,900 (810-679-7004)

**LAKE ORION**  
Quality update throughout this home. New kitchen, new bath w/alcove, 1st floor laundry, new copper plumbing, new drive, extra large garage w/automatic door. Everything has been done in the past 2 years! \$138,900 (OE09H) 810-679-3400

**DETROIT**  
SPACIOUS BUNGALOW 3 bedrooms with a 4th bedroom used as a study, newer furnace and hot water heater, larger lot, new carpet, alarm, glass block windows in basement, and electricity in the 1.5 car garage. \$94,900 (OE28XTA) 810-679-7004

**FARMINGTON HILLS**  
TOO MANY FEATURES TO LIST! Absolutely immaculate 3 bedroom colonial with 2 1/2 car garage throughout, island kitchen with double oven, 3.5 car garage, great room with skylights, dining room with cathedral ceiling. \$178,900 (OE045TR) 810-679-7004

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Newer 4BR colonial w/ 2 car garage and lake privileges on Vantage Isle. Neutral decor, large master suite w/garden tub, full foyer, formal living, 7th finished FR, sliding doors, brand new & more! \$238,000 (OE06CAN) 810-679-3400

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