VOCABULARY
Transaction Documents

When you walk away from the closing table with a big stack of papers, know what to file away for future reference.

Loan estimate
Your lender is required to provide you with this three-page document within three business days of receiving your loan application. It will show estimates for your interest rate, monthly payment, closing costs, taxes, and insurance. You'll also learn how your interest rate and payments could change in the future, and whether you'll incur penalties for paying off the loan early (called "prepayment penalty") or increases to the mortgage loan balance even if payments are made on time (known as "negative amortization").

Closing disclosure
Your lender is required to send this five-page form—which includes final loan terms, projected monthly payments, and closing costs—three business days before your closing. This window gives you time to compare the final terms to those in the Loan Estimate (see above), and to ask the lender any questions before the transaction is finalized.

Mortgage and note
These spell out the legal terms of your mortgage obligation and the agreed-upon repayment terms.

Deed
This document officially transfers ownership of the property. In a cash deal, it goes to you, but otherwise you won't get the deed until you pay off the mortgage.

Affidavits
These are binding statements by either party. For example, the sellers will often sign an affidavit stating that they haven't incurred any liens on the property.

Riders
This word describes any amendments to the sales contract that affect your rights. For example, the sellers may arrange to retain occupancy for a specified period after closing but agree to pay rent to the buyers during that period.

Insurance policies
These documents provide a record and proof of your coverage, be they insuring the title or the property itself. Homeowners insurance documents will generally be your responsibility, while proof of title insurance will be given to you at the closing table.

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