SHANE YOUR MORTGAGE GUY · MORTGAGE RESOURCE CENTER FOR MICHIGAN REALTORS

Financing and Preapproval Terminology

A one-sitting glossary of words buyers and listing agents hear most often.
No rates or payments.



EASE MORTGAGE

Shane Thomas, Senior Loan Officer I Ease Mortgage · NMLS #444451 · Company NMLS #2273319

Last reviewed November 10, 2026

Status words that get mixed up

- **Prequalification.** An early, often informal review. It is not a credit decision and may rest on stated, not verified, information.
- **Preapproval.** A more complete review of a file, typically after authorization and documentation. It is still not a loan approval or a commitment to lend.
- **Conditional approval.** An underwriter has reviewed the file and issued conditions. Conditions must still be cleared.
- **Clear to close.** The lender has indicated that outstanding conditions appear satisfied so a closing can be scheduled. It is not the same as signing, funding, or recording.
- **Consummation / signing.** The borrower becomes contractually obligated on the loan. This is not always the same moment as funding or key exchange.
- **Funding and recording.** The lender disburses funds; the security instrument is recorded. Keys often follow local custom after these steps.

Documents

- **Loan Estimate.** An early, standardized disclosure of estimated loan terms and closing costs.
- **Closing Disclosure.** The disclosure the borrower must generally receive at least three business days before consummation (12 CFR 1026.19(f)).
- **Preapproval letter.** A letter a listing agent may see with an offer. Read what it actually says: program, expiration, and any conditions printed on it.

Money words

- **Earnest money.** A good-faith deposit under the purchase agreement, not the same thing as a down payment or cash to close.
- **Down payment / minimum investment.** The buyer's required equity at origination, which varies by program and file.
- **Cash to close.** The funds the buyer must bring, including remaining investment, prepaid items, and closing costs, net of credits.
- **Seller concession / interested-party contribution.** A credit toward eligible costs, not the same thing as changing the contract price. Program caps apply.

Program and underwriting words

- **Conventional, FHA, VA, USDA.** Common purchase programs, each with its own eligibility, property, and documentation rules.
- **LTV.** Loan-to-value ratio: the loan amount compared with value or price, as the program defines it.
- **DTI.** Debt-to-income ratio. A loan officer, not a Realtor, should calculate it.
- **PMI and MIP.** Private mortgage insurance (conventional) and FHA mortgage insurance. They are not priced on this sheet.
- **Appraisal.** An opinion of value prepared for the lender. It is not a home inspection and not a tax assessment.
- **Underwriting conditions.** Items still needed after an underwriter reviews the file.

Realtors do not make credit decisions. Use this glossary to ask clearer questions of the loan officer named on the letter.



Shane Thomas Senior Loan Officer I Ease Mortgage
NMLS #444451 · Ease Mortgage, NMLS #2273319
586-260-2289 · sthomas@easemortgage.com
1050 Wilshire Dr, Suite 300, Troy, MI 48084

Equal Housing Opportunity

EASE MORTGAGE

Educational resource only; not a loan offer, rate quote, rate lock, Loan Estimate, preapproval, approval, or commitment to lend, and not tax, legal, or commission advice. Actual eligibility, pricing, and terms depend on the buyer, the property, the loan program, investor or agency guidelines, lender overlays, and underwriting. This printable does not use triggering terms under Regulation Z, 12 CFR 1026.24, and does not state a rate or a payment. Licensed in Michigan and Indiana. Equal Housing Opportunity. Last reviewed November 10, 2026. nmlsconsumeraccess.org