

## Math for Financial Literacy © 2013

### Chapter 9: Housing—Glossary

**actual cash value policy.** Insurance that pays what the property was worth at the time it was damaged or stolen.

**amortization.** Process of paying down a loan by making regular payments of interest and principal.

**appraisal.** Professional assessment of the value of a home.

**assessed value.** What a property is worth as determined by a tax assessor.

**balloon payment.** Large final payment on a loan.

**claim.** Detailed report of losses that is filed with the insurance company when a person experiences a loss.

**deductible.** Portion of an insurance claim for which the policyholder is responsible.

**equity.** Amount of an asset's value that exceeds what is owed.

**escrow account.** Account that adds an amount of money to a mortgage payment to cover taxes and insurance.

**home equity loan.** Loan in which the homeowner borrows money using the equity as collateral.

**home warranty.** Service contract that covers the repair and replacement costs of appliances and systems that commonly need repair.

**homeowners insurance.** Insurance that includes coverage for the structure of the house as well as its contents.

**lease agreement.** Contract used to lease property for a predetermined period of time.

**lessee.** Person renting the property under the lease.

**lessor.** Owner of the property that is being leased.

**mortgage.** Contract between a home buyer and a lender where the property being purchased is held as collateral.

**premium.** In insurance terms, amount paid to purchase insurance.

**property tax.** Tax levied against the value of real estate.

**refinancing.** Replacing a mortgage with a high interest rate with another mortgage at a lower rate.

**renters insurance.** Type of insurance purchased by a tenant that provides financial protection should that person's personal property be damaged or stolen.

**replacement cost policy.** Insurance that will pay what it actually costs to replace the item damaged or stolen.

**security deposit.** Payment held by the lessor to cover the costs of potential damage to the property during the term of the lease.

**tenant.** Occupant of the property being rented.

**title insurance.** Insurance that protects the lender in case any questions arise regarding who has title, or ownership, of a piece of real estate.

**utilities.** Basic services such as telephone service, cable and Internet services, electricity, natural gas, and water for a residence or business.