

REAL ESTATE FINANCE BASICS IN INDIANA

STUDY SHEET

Summary

Not many can afford to plunk down the cash to buy real estate outright. Enter the real estate mortgage market. In this section, you explored some foundational concepts about mortgage lending.

Top Takeaways

- Components of the real estate market include the Federal Reserve System, the primary mortgage market, and the secondary mortgage market.
- The two primary loan types are conventional and government.
- The three main instruments of real estate finance are the promissory note, the deed of trust, and the mortgage.
- A contract for deed is another security instrument, which includes both the promise to repay (the note) and the security instrument in the same document, and is used mainly for seller-financed transactions.
- Indiana is a lien theory state.

Take a look back at your notes for these items:

- The main purpose of the Federal Reserve System
- How the Fed achieves its primary goal
- The basic relationship between the primary and secondary mortgage markets
- The difference between conventional and government loans
- The differences and similarities between a promissory note, mortgage, deed of trust, and contract for deed
- The difference between and characteristics of a lien theory state and a title theory state