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Fair Housing Act: A 1968 law that prohibits discrimination in all stages of the home buying process on the basis of race, color, national origin, religion, sex, familial status, or disability.

Fair market value: The theoretical price that a willing buyer and seller would agree to in an arms-length transaction.

Fannie Mae: A private, shareholder-owned company that purchases residential mortgages and converts them into securities for sale to investors. Fannie Mae supplies funds that lenders may loan to potential homebuyers. Its original name was Federal National Mortgage Association (FNMA), started by the federal government in 1938.

The Fed: The Federal Reserve System, a network of twelve Federal Reserve Banks and affiliated branches that serves as the central bank of the United States. "The Fed" also often refers to the Board of Governors of the Federal Reserve System. The Fed Board sets overnight lending rates for banks. This is what banks charge each other for borrowing money overnight, which they do when they need to replenish their reserves. The Fed uses these rates to control inflation: if it lowers these rates, more money flows in the form of loans to consumers and businesses; if it raises rates, there are fewer loans. Mortgage rates are not tied to the Fed's rates, but they are influenced by it.

Federal Housing Administration (FHA): The FHA was established in 1934 to advance homeownership opportunities for all Americans. It provides mortgage insurance on loans made by FHA-approved lenders throughout the United States and its territories.

FICO: An acronym for the Fair Isaac Corporation, the company that developed the most commonly used credit scoring system. Credit reporting agencies issue FICO scores to lenders who in turn use them to calculate the risk on a loan.

Fixed-rate mortgage: A mortgage with payments that remain the same throughout the life of the loan because the interest rate and other terms do not change.

Flood insurance: Covers a homeowner for property damage from natural flooding. If a home is located in an area prone to flooding, the lender will require flood insurance before approving a loan.

Foreclosure: The legal process by which a bank or lender sells or repossesses a mortgaged property because the borrower could not pay the loan.

Freddie Mac: Created in 1970 by the federal government as the Federal Home Loan Mortgage Corporation, it is a stockholder-owned corporation chartered by Congress to increase the supply of funds that mortgage lenders, such as commercial banks, mortgage bankers, savings institutions and credit unions, can make available to homebuyers and multifamily investors.

Fully amortized loan: If the payment schedule on a loan is met, the loan principal will be entirely paid off at the end of the term.