

GLOSSARY OF TERMS

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| ABA number | Originated by the American Bankers Association, it is the number which identifies the bank upon which the check is drawn. |
| accrued interest | Interest earned for the period of time elapsed since interest was last paid. |
| addendum | An agreement or list that is added to a contract, agreement, or other document such as a letter of intent. FHA and VA require that an addendum be added to or incorporated in a sales contract, if it is written prior to the appraisal. |
| affidavit | A sworn statement in writing, usually requiring notarization. |
| aggregate analysis | An accounting method a servicer uses in conducting an escrow account analysis by computing the sufficiency of escrow account funds by analyzing the account as a whole. |
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| amortization | Repayment of a mortgage debt with periodic payments of both principal and interest, calculated to retire the obligation at the end of a fixed period of time. |
| annual percentage rate (APR) | A term defined in section 106 of the federal Truth in Lending Act (15 USC 1606), which expresses on an annualized basis the charges imposed on the borrower to obtain a loan (defined in the Act as "finance charges"), including interest, discount and other costs. |
| appraisal | An opinion or estimate of value. Also refers to the process by which a value estimate is obtained. |
| APR | See ANNUAL PERCENTAGE RATE |
| assignment | The transfer of ownership, rights, or interests in property, as in a mortgage, lease, or deed of trust. Mortgages and other security instruments are regularly assigned from one investor to another and commitments by HUD/FHA to insure mortgages may be assigned by one originating lender to another before insurance. |
| assignment of mortgage | A document that evidences the transfer of a mortgage from one party to another. |
| assignment of rents | A transfer to the mortgagee of the right to collect rents from tenants in the event of default by the property owner. |

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| attest | To witness, to affirm to be true or genuine; to certify. |
| attorney-in-fact | The agent who is granted authorization to perform specific acts on behalf of another. |
| base mortgage amount | The mortgage amount before financed mortgage insurance or VA funding fee is added |
| basis point | One one-hundredth of one percent. Used primarily to describe changes in yield or price on debt instruments, including mortgages and mortgage-backed |
| bond loan | A state-sponsored method of assisting low income borrowers and first time homeowners in the purchase of a home at a reduced interest rate. |
| borrower | One who receives funds in the form of a loan with the obligation of repaying the loan in full with interest. |
| buy-down mortgage | A mortgage with a below market interest rate made by a lender in return for an interest rate subsidy in the form of additional discount points paid by the builder, seller or buyer. |
| By-Laws | Rules and regulations, adopted by an association or corporation, which govern its activities. |
| certificate of completion | A document issued by an architect or engineer stating that construction is completed in accordance with the terms, conditions, approved plans, and specifications. |
| certificate of eligibility (COE) | A document issued by the Veterans Administration which verifies a veteran's eligibility for a VA mortgage guarantee. |
| certificate of occupancy | Written authorization given by a local municipality that allows a newly completed or substantially renovated structure to be inhabited. |
| certificate of reasonable value (CRV) | A document issued by the Veterans Administration which establishes a maximum value and loan amount for a VA guaranteed mortgage. |
| Certified copy | A true copy, attested to be true by the officer holding the original. |
| closed-end mortgage | A mortgage under which the mortgagor is prohibited from borrowing additional funds under the same mortgage. |
| closing | In real estate, the delivery of a deed, the signing of note, and the disbursement of funds necessary to consummate a sale or loan transaction. |

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| closing statement | A financial disclosure giving an account of all funds received and expected at closing, including escrow deposits for taxes, hazard insurance, and mortgage insurance. All FHA, VA, and most conventionally financed loans use a uniform settlement statement called the "HUD-1." |
| co-borrower | Second or additional person equally responsible for payments on a mortgage. A co-borrower does not have to take title to the property, but usually has to sign the mortgage note. |
| collateral | Property pledged as security for a debt, for example, mortgaged real estate |
| combined loan-to-value | The principal balance of all mortgages on the property (including second and third trusts) divided by the value of the property. |
| co-mortgagor | A second borrower who signs a mortgage loan with a mortgagor. The co-mortgagor's income, assets and debts are combined with the mortgagor's for underwriting and ratio analysis purposes. The co-mortgagor's name must appear on the FHA Certificate of Commitment and the mortgage or deed of trust. For full guarantee under the VA's program, the co-mortgagor must be either a spouse or another eligible veteran. |
| comparables | Properties used for comparative purposes in the appraisal process that have similar characteristics to the subject property. Also called "comps." |
| compliance inspection report | A report given a lender by a designated compliance inspector indicating whether construction or repairs conform to conditions established by prior inspection. |
| Computerized Home Underwriting Management System (CHUMS) | HUD's automated system that tracks the application for mortgage insurance from the initial appraiser request through to loan closing and MIC issuance. |
| conditional commitment | An agreement to lend money to a borrower that has yet to be identified, but is still subject to the approval of the lender. During HUD/FHA mortgage insurance processing, it indicates the satisfactory completion of technical processing involving the estimated cost of the project, the "as-is" value of the site, a detailed estimate of operating expenses and taxes, supportable costs, the financial and credit capacity of sponsors, financial requirements, and mortgage amounts. |
| conditional commitment requirements | A form reproduced locally by HUD/FHA offices and varying in content depending on local conditions. It lists the most common conditions imposed on conditional commitments, giving each a number. Only the number of the condition is entered on the commitment itself, and the list is attached. Also see VC sheet. |
| condominium | A form of property ownership whereby the purchaser receives title to a unit in a multiunit structure and a proportionate interest in common areas. |
| condominium association fee | A fee paid by the homeowner to the association which governs a condominium complex for his/her part of the maintenance and management of the project. |

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| conforming mortgage loan | A mortgage loan which meets all requirements (size, type, and age) to be eligible for purchase or securitization by federal agencies. |
| conventional financing | Mortgage financing which is not insured or guaranteed by a government agency. |
| co-signer | One who agrees to assume a debt obligation if the principal borrower defaults on mortgage payments. A co-signer assumes only personal liability and has no ownership interest in the property; his or her income and obligations are used in the underwriting process to reinforce the credit of the principal borrower. |
| credit report | A report run by an independent credit agency which verifies certain information concerning an applicant's credit standing. |
| debt-to-income ratio | Relationship of a borrower's monthly payment obligation on long-term debts divided by gross monthly income, expressed as a percentage. Also called the "bottom ratio." |
| deed | The document by which title to real property is transferred or conveyed from one party to another. |
| deed of trust | A type of security instrument in which the borrower conveys title to real property to a third party (trustee) to be held in trust as security for the lender, with the provision that the trustee shall reconvey the title upon the payment of the debt, and, conversely, will sell the land and pay the debt in the event of a default by the borrower. Also see MORTGAGE. |
| delegated underwriting | The delegation of underwriting authority from an investor or agency to the lender. |
| delivery | In mortgage banking, the physical transfer of loan documents to an investor or agent in conformance with the commitment. |
| Department of Veterans Affairs (VA) | A cabinet-level agency of the federal government. The Servicemen's Readjustment Act of 1944 authorized the agency to administer a variety of benefit programs designed to facilitate the adjustment of returning veterans to civilian life. Among the benefit programs is the VA Home Loan Guaranty program, which encourages mortgage lenders to offer long-term, low down payment financing to eligible veterans by partially guaranteeing the lender against loss upon foreclosure. |
| direct endorsement (DE) | A HUD program that enables an eligible single-family lender to conduct the processing and closing of FHA single-family loan applications without HUD's prior review. |
| disbursements | Payments made during the course of an escrow or at closing. |
| disclosure | Information relevant to specific transactions that is required by law |
| down payment | A portion of the sales price paid a seller by a buyer to close a sales transaction, with the understanding that the balance will be paid at settlement. Also, the difference between the sale price of real estate and the mortgage amount. |

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| dry funding | Any advance of new funds to a mortgage banker for funding or purchasing mortgage loans where the collateral package is in the possession of the collateral agent and is free of lien or bailment. |
| due date | Date which the borrower must pay the interest and/or the principal and interest due on his or her mortgage, as stated in the note, as well as any escrow payment. |
| duplex | A single structure designed with two separate housing units. |
| dwelling unit | Living quarters occupied, or intended for occupancy, by a household. |
| easement | A right created by grant, reservation, agreement, prescription, or necessary implication, which one has in the land of another. It is either for the benefit of land (appurtenant), such as right to cross A to get to B, or in "gross", such as a public utility easement. |
| ECOA | See EQUAL CREDIT OPPORTUNITY ACT. |
| endorsement | A signature on a negotiable instrument by which title to property mentioned therein is assigned and transferred. Also, a notation added to an instrument after execution to change or clarify its contents. In insurance, coverage may be restricted or enlarged by endorsing a policy. In FHA loans, a notation placed on the note by the FHA indicating that the loan is insured under the National Housing Act. |
| Equal Credit Opportunity Act (ECOA) | A federal law that requires lenders and other creditors to make credit equally available without discrimination based on race, color, religion, national origin, age, sex, marital status, or receipt of income from public assistance programs. Also called "Regulation B." |
| escrow | An item of value, money, or documents, deposited with a third party to be delivered upon the fulfillment of a condition. For example, the deposit by a borrower with the lender of funds to pay taxes and insurance premiums when they become due, or the deposit of funds or documents with an attorney or escrow agent to be disbursed upon the closing of a sale of real estate. In some parts of the country, escrows of taxes and insurance premiums are called impounds or reserves. |
| escrow account | The segregated trust account in which escrow funds are held. |
| escrow agent | The person or organization having a fiduciary responsibility to both the buyer and seller (or lender and borrower) to see that the terms of the purchase/sale (or loan) are carried out. Also called escrow company or escrow depository. |
| escrow analysis | The periodic examination of escrow accounts to determine if current monthly deposits will provide sufficient funds to pay taxes, insurance, and other bills when due. |
| escrow overage or shortage | The difference, determined by escrow analysis, between escrow funds on deposit and escrow funds required to make a payment when it becomes due. |
| escrow payment | That portion of a mortgagor's monthly payments held by a lender or servicer to pay taxes, hazard insurance, mortgage insurance, lease payments, and other items as they become due. Also called "impounds" or "reserves" in some states. |

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| Fannie Mae (FNMA) | The nation's largest mortgage investor created in 1968 by an amendment to Title III of the National Housing Act (12 USC 1716 et seq.) this stockholder-owner corporation, a portion of whose board of directors is appointed by the President of the United States, supports the secondary market in mortgages on residential property with mortgage purchase and securitization programs |
| Farmers Home Administration (FmHA) | A former government agency within the Department of Agriculture that operated under the Consolidated Farm and Rural Development Act of 1921 and Title V of the Housing Act of 1949. This agency provided financing to farmers and other qualified borrowers who were unable to obtain loans elsewhere. See RURAL HOUSING SERVICE. |
| Federal Emergency Management Agency (FEMA) | Federal agency which, among other things, directs the activities of the Federal Insurance Administration and establishes flood insurance rates and terms of coverage, issues policies, processes claims, and identifies and maps flood-prone areas. |
| Federal Home Loan Mortgage Corporation (FHLMC) | See FREDDIE MAC. |
| Federal Housing Administration (FHA) | A federal agency within the Department of Housing and Urban Development (HUD) that provides mortgage insurance for residential mortgages and sets standards for construction and underwriting. The FHA does not lend money, nor does it plan or construct housing. |
| Federal Housing Finance Board (FHFB) | Independent five member federal agency regulating the credit activities of the 11 Federal Home Loan Banks. |
| Federal National Mortgage Association (FNMA) | See FANNIE MAE. |
| FEMA | See FEDERAL EMERGENCY MANAGEMENT AGENCY. |
| FHA | See FEDERAL HOUSING ADMINISTRATION. |
| FHA case number | The number used to identify a HUD/FHA mortgage in HUD's records. It is a thirteen digit number, in three sections (XXX-XXXXXXX-XXX). The first three digits identify the HUD/FHA office in whose jurisdiction the property is located and the office responsible for processing the application (which may be different in some cases). The next six digits are assigned serially by the HUD/FHA office, in the order applications are received. The seventh digit is a check digit, derived mathematically from the serial number. The final three digits identify the program under which the mortgage is insured. In some cases this is the same as the section of the National Housing Act, but there are many variations. |
| FHA loan | A loan made through an approved lender and insured by the Federal Housing Administration. While there are limits to the size of FHA loans, they are intended to finance moderately priced homes. |

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| FHA prepayment experience | Statistic which shows the percentage of loans in a pool outstanding at the origination anniversary. |
| FHA value | The value established by the FHA as the basis for determining the maximum mortgage amount that may be insured on a specific property. The FHA value is the sum of the appraised value of the property plus HUD/FHA's estimate of closing costs. |
| FHLMC (Federal Home Loan Mortgage Corporation) | See FREDDIE MAC.fidelity (bond) |
| final closing | The date upon which the permanent mortgage lender funds the mortgage loan. |
| final endorsement | The date upon which HUD/ FHA accepts the credit instrument evidencing the permanent mortgage loan for mortgage insurance. |
| final inspection | Home inspection made by a lender, VA, FHA or the appraiser after a new home or repairs have been completed. |
| finance charge | A term defined in section 105 of the federal Truth in Lending Act (PL 90-321; 15 USC 1605), which generally includes all charges payable as an incident to the extension of a loan. |
| firm commitment | (1) For multifamily housing, the HUD/FHA agreement to insure construction advances for multifamily housing projects, subject to compliance with the terms of the commitment. HUD/FHA issues a firm commitment for mortgage insurance after accepting complete, final development drawings, including complete specifications and firm costs. (2) The HUD/FHA agreement to insure a loan taken out by a borrower on a specific, previously approved single family property under specific terms. (3) For loans, a lender's agreement to make a loan to a specific borrower under specific terms and conditions within a given time. (4) In the secondary mortgage market, a buyer's agreement to purchase mortgage securities under specified terms. |
| first mortgage | A mortgage that gives the mortgagee a security right over all other mortgages of the mortgaged property. |
| fixed-rate mortgage (FRM) | A mortgage in which the interest rate and payments remain the same for the life of the loan. |
| flood insurance | Insurance that reimburses the policyholder for damage to property caused by the peril of flood. |
| flood plain | Those lands subject to flooding when a stream or river is at flood stage. |
| FmHA | See FARMERS HOME ADMINISTRATION. |

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| FNMA (Federal National Mortgage Association) | See FANNIE MAE. |
| Freddie Mac (Federal Home Loan Mortgage Corporation) | Created by Congress in Title III of the Emergency Home Finance Act of 1970 (12 USC 1451 et seq.). This stockholder-owned corporation, a portion of whose board of directors is appointed by the President of the United States, supports the secondary market in mortgages on residential and multifamily properties with mortgage purchase and securitization programs. |
| fully amortized | A mortgage which has a zero balance at the end of the mortgage term. |
| funding | Payment of loan money by a lender to a borrower so that he or she can purchase real estate. Also the payment of money by investors to lenders in return for mortgages sold to them by the lender. |
| funding date | Date when the purchaser of the mortgage disburses payment to the seller or warehouse lender. |
| GFE | See GOOD FAITH ESTIMATE. |
| Ginnie Mae | Created in 1968 by an amendment to Title III of the National Housing Act (12 USC 1716 et seq.), this federal government corporation is a constituent part of the Department of Housing and Urban Development. Among other governmental functions, it guarantees securities backed by mortgages that are insured or guaranteed by other government agencies. Also called Government National Mortgage Association (GNMA). |
| GNMA | See GINNIE MAE. |
| good faith estimate (GFE) | A document which tells borrowers the approximate costs they will pay at or before settlement, based on common practice in the locality. Under requirements of the Real Estate Settlement Procedures Act (RESPA), the mortgage banker or mortgage broker, if any, must deliver or mail the GFE to the applicant within three business days after the application is received. |
| government mortgages | Mortgages insured or guaranteed by the government (FHA, VA, RHS, or State Bond Agencies). |
| Government National Mortgage Association (GNMA) | See GINNIE MAE. |
| grace period | A period of time (usually 15 days) after a mortgage payment is due in which the lender will not charge a late penalty or report the payment as late. |
| hazard insurance | Insurance coverage which provides compensation to the insured in case of property loss or damage. |

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| HFA | See HOUSING FINANCE AGENCY. |
| HMDA | See HOME MORTGAGE DISCLOSURE ACT. |
| HOA | See HOME OR CONDOMINIUM OWNERS ASSOCIATION. |
| HOA fees | See HOMEOWNERS' ASSOCIATION FEES. |
| home loan | A mortgage loan secured by a residence for one, two, three or four families. Also known as a single family mortgage, even though the property may be designed for more than one family. |
| Home Mortgage Disclosure Act (HMDA) | Federal legislation which requires certain types of lenders to compile and disclose data on where their mortgage and home improvement loans are being made. |
| home or condominium owners association (HOA) | A nonprofit corporation or association that manages the common areas and services of a planned unit development or condominium project. In a condominium project, it has no ownership interest in the common areas; in a planned unit development, it holds title to common areas. |
| homeowners' association fees (HOA fees) | A fee typically paid monthly by a homeowner to a homeowners association in order for the association to take care of areas owned in common by all homeowners within a planned unit development. |
| homeowners' insurance | Insurance carried by the homeowner to protect the dwelling against fire and other hazards. |
| homeowner's policy | A multiple peril insurance policy available to owners of private dwellings which covers the dwelling and its contents, as well as personal liability. |
| Homestyle Seconds | One of Fannie Mae's major tools for neighborhood and community revitalization, the HomeStyle Second Mortgage is designed for homebuyers or homeowners at all income levels who wish to repair, remodel, enlarge or substantially renovate a home. Introduced in 1993, this program was designed to help lenders capture the growing U.S. market for home remodeling. |
| housing assistance plan (HAP) | Part of the Community Development Block Grant Application that describes local housing conditions and sets quantitative goals for providing housing to low- and moderate-income residents. |

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| housing expense ratio | The relationship of a borrower's monthly payment obligation on housing (PITI and other applicable housing expenses) divided by gross monthly income, expressed as a percentage. Also called the "top ratio." |
| Housing Finance Agency (HFA) | A state or local agency responsible for the financing of housing and the administration of subsidized housing programs. |
| HUD | A governmental entity responsible for the implementation and administration of housing and urban development programs. HUD was established by the Housing and Urban Development Act of 1965 to supersede the Housing and Home Finance Agency. |
| HUD | See DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT |
| HUD-1 Uniform Settlement Statement | Standard form used to disclose costs at closing. All charges imposed in the transaction, including mortgage broker fees, must be disclosed separately. |
| impound | See ESCROW. |
| in file credit report | Unverified credit report which may contain unchecked, duplicated, or overlapping data. Used for "quick look" at a prospective borrower's credit history. |
| income limits | Income restrictions established for low- to moderate-income persons to qualify for admission into subsidized housing programs. The limits are established by law and are based on family size and geographic location. |
| insured | The term preferred over other terms such as "policyholder" or "policyowner," to describe the party protected under an insurance contract to whom the insurer reimburses losses, pays benefits, or provides services. |
| insured loan | A loan insured by FmHa, FHA, or a private mortgage insurance company. |
| interest rate | Percentage paid for the use of money, usually expressed as an annual percentage |
| IRS 4506/Request for Copy of Tax Form | IRS Form required by lenders on self-employed loan applications (and FHA when alternative documentation is utilized). This form allows the lender to pull tax returns on the borrower directly from the IRS, usually accomplished as a quality control check on a certain number of cases. |
| joint tenancy | Form of co-ownership giving each tenant equal interest and equal rights in the property, including the right of survivorship. |

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| jointly-owned property | Property held in the name of more than one person. |
| late charge | An additional charge that a borrower is required to pay as a penalty for failure to pay a regular installment when due. |
| lease-purchase | A method of acquiring ownership of real estate through gradual payments under which a lease is substituted for a mortgage obligation. Also referred to as a lease with option to purchase. |
| legal description | A property description, recognized by law, that is sufficient to locate and identify the property without oral testimony. |
| lender | Person or entity that invests in or originates mortgage loans, such as a mortgage banker, credit union, commercial bank, or savings and loan. In single-family property usage, the lender is generally whosever name the loan is closed in. (In a table funding transaction, the whole-saler mortgage company is usually considered to be the "lender.") In commercial property usage, the lender is the life insurance company, bank or pension fund that provides the funds and in whose name the loan is closed. |
| lender appraisal processing program (LAAP) | Program eliminates the VA's involvement in loan processing and allows the lender to oversee the appraisal and underwriting process. Lender must be preapproved by the VA to participate in this program. |
| lien | A legal hold or claim of a creditor on the property of another as security for a debt. Liens may be against real or personal property. |
| loan guaranty certificate | A VA document that states the portion of a loan that is guaranteed. |
| loan-to-value ratio (LTV) | The ratio of the amount of the loan to the appraised value or sales price of real property (expressed as a percentage). |
| local housing authority | A government agency that monitors and implements programs to satisfy community housing development needs. |
| loss payable clause | An insurance policy provision for payment of a claim to someone other than the insured, who holds an insurable interest in the insured property. |

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| loss payee | The party named in a loss payable clause to whom insurance proceeds are to be paid in the event of damage to property in which the loss payee has an insurable interest. Loss payees include automobile lienholders and property mortgagees. |
| LTV | See LOAN-TO-VALUE RATIO. |
| manufactured home | Factory-built or pre-fabricated housing, including mobile homes |
| market value | The highest price that a buyer and the lowest price that a seller would accept, neither one being compelled to buy or sell. Also called "fair market value." |
| master servicer | Contractually responsible servicer of a mortgage or pool of mortgages that is included in a subservicing arrangement. |
| maximum loan amount | Highest loan dollar amount allowed under federal or conventional guidelines. In commercial real estate, the highest loan dollar amount that a property can support based on projected income. |
| MI | See MORTGAGE INSURANCE. |
| MIC | See MORTGAGE INSURANCE CERTIFICATE |
| MIP | See MORTGAGE INSURANCE PREMIUM. |
| mobile home | A factory-assembled residence consisting of one or more modules, in which a chassis and wheels are an integral part of the structure, and can be readied for occupancy without removing the chassis and/or wheels. |
| modular house | A factory-assembled residence built in units or sections, transported to a permanent site and erected on a foundation. Excludes mobile homes. |
| monthly payment | The monthly payment of principal and interest collected by mortgage lenders. May also include escrow items for taxes or insurance and thereby called the housing payment. |
| mortgage | A pledge of property, usually real property, as security for a debt. By extension, the document evidencing the pledge. In many states this document is a deed of trust. The document may contain the terms of repayment of the debt. By further extension, "mortgage" may be used to describe both the mortgage proper and the separate promissory note evidencing the debt and providing the terms of the debt's repayment. |
| Mortgage insurance (MI) | Insurance which protects mortgage lenders against loss in the event of default by the borrower. This allows lenders to make loans with lower down payments. The federal government offers MI through HUD/FHA; private entities offer MI for conventional loans. |

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| mortgage insurance certificate (MIC) | Certificate issued by HUD/FHA as evidence that a mortgage has been insured, and that a contract of mortgage insurance exists between HUD/FHA and the lender incorporating the HUD/FHA regulations identified in the certificate. |
| mortgage insurance premium (MIP) | The amount paid by a mortgagor for mortgage insurance either to FHA or a private mortgage insurance company. |
| mortgage note | A written promise to pay a sum of money at a stated interest rate during a specified term. A mortgage note is secured by a mortgage. |
| mortgage revenue bond (MRB) | Bonds issued by a public entity to fund mortgages or property development. The bonds are retired with proceeds from mortgages funded by the bonds. |
| mortgage servicing rights | The contractual obligations undertaken by one party to provide servicing for mortgage loans owned by another party, typically for a fee. |
| mortgagee | The lender in a mortgage transaction. |
| mortgagee clause | A clause that may be attached to an insurance policy stipulating that the lender will receive a portion of insurance proceeds sufficient to satisfy the unpaid amount of a loan in the event of a loss. |
| mortgagor | The borrower in a mortgage transaction who pledges property as a security for a debt. |
| note | A general term for any kind of paper or document signed by a borrower that is an acknowledgment of the debt, and is, by inference, a promise to pay. When the note is secured by a mortgage, it is called a mortgage note and the mortgagee is named as the payee. |
| owner occupied purchase | The purchase of a property for the purpose of the primary residence of the owner. |
| PITI | Acronym for the items included in a monthly mortgage payment |
| PITI ratio | The ratio of principal, interest, taxes, and insurance to income. |
| planned unit development (PUD) | A comprehensive development plan for a large land area. A PUD usually includes residences, roads, schools, recreational facilities, commercial, office and industrial areas. Also, a subdivision having lots or areas owned in common and reserved for the use of some or all of the owners of the separately owned lots. |
| PMI | See PRIVATE MORTGAGE INSURANCE. |

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| PMSR | See PURCHASED MORTGAGE SERVICING RIGHTS. |
| principal | The original balance of money lent, excluding interest. Also, the remaining balance of a loan, excluding interest. |
| private mortgage insurance (PMI) | Insurance written by a private company protecting the mortgage lender against financial loss occasioned by a borrower defaulting on the mortgage. |
| promissory note | A written promise to pay a specific amount at a specified time. |
| PUD | See PLANNED UNIT DEVELOPMENT. |
| purchase agreement | A written agreement between a buyer and seller of real property, setting forth the price and terms of sale. |
| Real Estate Settlement Procedures Act (RESPA) | Federal law which regulates the settlement practices within the real estate industry. This law requires the provision of Good Faith Estimates of Closing Costs, prohibits kickbacks for referrals of related services, and standardizes the closing with a required form and format (HUD-1). |
| real estate taxes | Local government taxes levied on the ownership of real estate. Also known as "real estate property taxes." |
| real property | Land and improvements permanently attached to it, such as buildings. In some states, this term is synonymous with the term "real estate." |
| recording | The filing of documents or details of a legal document to make them a matter of public record. Usually requires the witnessing and notarizing of the document or instrument to be recorded. |
| Regulation Z | Regulation written by the Federal Reserve Board to implement the Truth-In- Lending Act, requiring full written disclosure of the credit portion of a purchase, including the annual percentage rate. |
| regulatory agency | An arm of the state or federal government that has the responsibility to license, pass laws, regulate, audit, and monitor industry related issues (i.e., NAIC, FHLBB, HUD). |
| RHS | See RURAL HOUSING SERVICE. |
| rider | An addendum or amendment to a contract. |

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| Right to Financial Privacy Act | Places restrictions upon governmental authorities having access to copies of the financial records of any mortgage applicant. |
| rural housing service (RHS) | A government agency within the U.S. Department of Agriculture which offers various financing programs available to aid in the development of rural America. These rural housing programs are divided into three categories; Community Facilities (CF), Single Family Housing (SFH), and Multi-Family Housing (MFH). These programs were formerly operated by the Rural Development Administration and the Farmers Home Administration. |
| second mortgage | A mortgage that has rights subordinate to a first mortgage. Also called "second trust." |
| secondary financing | A funding method using a loan secured by a second mortgage on a property. Sometimes used to refer to any financing technique other than equity and first mortgage debt. |
| Section 203(k) loan program | HUD's primary program for the rehabilitation and repair of single-family properties. A 203 (k) loan is a first mortgage that covers the costs of rehabilitation and purchase or refinance of an eligible property. The goals of the Section 203(k) loan program are community and neighborhood revitalization and expanded opportunities for homeownership for low- and moderate-income families. |
| security document/security instrument | Mortgage or deed of trust evidencing the pledge of real estate as collateral for the loan. |
| security instrument | Mortgage or deed of trust evidencing the pledge of real estate as collateral for the loan. |
| self-employment | A person who owns at least 25% of the entity for which generates income for that person. |
| servicing released | A stipulation in the agreement for the sale of mortgages in which the seller is not responsible for loan administration. |
| settlement | The closing of a mortgage loan. Also, the delivery of a loan or security to a buyer. |
| settlement agent | A person or entity which coordinates or conducts a closing or settlement. |
| settlement costs | Money paid by borrowers and sellers to effect the closing of a mortgage loan, including payments for title insurance, survey, attorney fees, and such prepaid items as taxes and insurance escrow. |
| settlement statement | See CLOSING STATEMENT. |

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| shipping | In the sale or securitization of mortgage loans, the preparation and delivery of documents for loans sold to investors. |
| survey | A measurement of land, prepared by a registered land surveyor, showing the location of the land with reference to known points, its dimensions, and the location and dimensions of any improvements. |
| table funding | Mortgage transaction where the broker or third-party originator (TPO) closes the mortgage in its own name for simultaneous assignment to an investor who advanced money for the funding. |
| temporary buydown | A lower interest rate on a mortgage for a fixed period at the beginning of the mortgage term. |
| term | The period of time between the commencement date and termination date of a note, mortgage, legal document, or other contract. |
| title | Written evidence of the right to or ownership in property. In the case of real estate, the documentary evidence of ownership is the title deed that specifies in whom the legal estate is vested and the history of ownership and transfers. Title may be acquired through purchase, inheritance, devise, gift, or through foreclosure of a mortgage. |
| title binder | Written evidence of temporary title insurance coverage that runs for a limited time and must be replaced by a permanent policy. |
| title exception | An exclusion appearing in a title insurance policy against which the insurance company does not insure. |
| title insurance commitment | See TITLE BINDER. |
| title insurance policy | A contract by which the insurer agrees to pay the insured a specific amount for any loss caused by defects of title to real estate, wherein the insured has an interest as purchaser, mortgagee, or otherwise. |
| trust deed | The instrument given by a borrower (trustor) to a trustee vesting title to a property in the trustee to ensure the borrower's fulfillment of an obligation. A mortgage. |
| Truth-in-Lending Act (TILA) | Federal law which requires a truth in lending statement to be disclosed for consumer loans. This statement would include disclosure of the annual percentage rate, or APR, as well as other facets of the mortgage program. The law also requires the right of rescission period which follows the closings of refinances. |
| underwriting | In mortgage banking, the analysis of the risk involved in making a mortgage loan to determine whether the risk is acceptable to the lender. Underwriting involves the evaluation of the property as outlined in the appraisal report, and of the borrower's ability and willingness to repay the loan. |

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| underwriting criteria | In mortgage banking, the analysis of the risk involved in making a mortgage loan to determine whether the risk is acceptable to the lender. Underwriting involves the evaluation of the property as outlined in the appraisal report, and of the borrower's ability and willingness to repay the loan. |
| Uniform Residential Appraisal Report (URAR) | The appraisal form which is utilized by appraisers of residential properties to estimate the value of properties to be financed with FHA, VA and conventional mortgages. |
| Uniform Residential Loan Application Form (Fannie Mae/Freddie Mac 1003/FHA 2900/VA 1802) | Form which is accepted by all major mortgage sources for application of residential mortgages. |
| Uniform Settlement Statement (HUD-1) | Settlement summary form required by RESPA to be used by closing agents. |
| URLA | UNIFORM RESIDENTIAL LOAN APPLICATION |
| VA | See DEPARTMENT OF VETERANS AFFAIRS. |
| VA automatic | Department of Veterans Affairs program which allows a lender to approve VA mortgage applications directly instead of sending the applications to the Department for approval. |
| VA funding fee | Fee charged on VA mortgages to cover the administrative costs of the program. |
| VA loan | Mortgage loan made by an approved lender and guaranteed by the Department of Veterans Affairs. VA loans are made to eligible veterans and those currently serving in the military, and can have a lower down payment than other types of loans |
| VC sheet | A separate sheet, designed and prepared by local HUD/FHA offices, listing conditions of mortgage insurance related to the property and attached to and made a part of the conditional commitment. Specific conditions are identified on the commitment itself by number (VC-10, VC-25, etc.). |
| verification of deposit (VOD) | A form that requests and secures verifications of amounts on deposit at financial institutions. When a depository institution is also the applicant's creditor, the VOD verifies the obligation. |
| verification of employment (VOE) | A form that requests and secures documentation of a mortgage applicant's work history and/or occupation, to assist in the lender's credit investigation. |
| verification of mortgage | Form that requests and secures verification of payments made on an applicant's current or past mortgage. |

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| Veterans Affairs | See DEPARTMENT OF VETERANS AFFAIRS. |
| VOD | See VERIFICATION OF DEPOSIT. |
| VOE | See VERIFICATION OF EMPLOYMENT. |
| W-4 | IRS form which determines the amount of Federal taxes the employer will withhold from a person's paycheck each pay period. |
| warehousing | Short-term borrowing of funds by a mortgage bankers using permanent mortgage loans as collateral. The money borrowed is used to make additional mortgage loans. This interim financing is used until the mortgages are sold to a permanent investor. |
| without recourse | A mortgage in which the lender will not pursue personal liability against the borrower. The lender's security is the real estate being financed. |
| Wood Destroying Insect Information, Existing Construction (VA Form 26-8850/ HUD Form 92053) | A form used to report the findings of a pest control operator, in response to a condition imposed on conditional commitment or CRV, that an existing property be inspected for insect damage. |
| x-mark signature | The signature made by a person who is unable to sign their name. This type of signature is only legally valid when witnessed by another person. |