

Dictionary of Mortgage Terms

Select the appropriate letter for a listing of all the glossary terms that begin with that letter. Then, locate the word you are looking for.



TERM**DEFINITION**

Acceleration Clause	A provision in a mortgage that gives the lender the right to demand payment of the entire principal balance if a monthly payment is missed. The clause in a mortgage or deed of trust that can be enforced to make the entire debt due immediately if the borrower defaults on an installment payment or other covenant.
Abandonment	Surrender of property rights with no intention of reclaiming them mere nonuse is not necessarily abandonment.
Abstract	A summary; an abridgement. Before the use of photo static copying, public records were kept by abstracts of recorded documents
Abstract Of Title	A historical summary of all of the recorded instruments and proceedings that affect the title of property.
Accrued Interest	Interest that has accumulated between the most recent payment and the sale of a bond or other fixed income security. Accrued interest is calculated by multiplying the rate by the number of days that have elapsed since last payment.
Accrued Items	On a closing statement, items of expense that are incurred but not yet payable, such as interest on a mortgage loan or taxes on real property.
Acquisition	Real property acquired by purchase, condemnation, donation, new construction, exchange, or assignment/reassignment by GSA.
Acre	A measure of land equal to 43,560 square feet, 4,840 square yards, 4,047 square meters, 160 square rods or 0.4047 hectares. The (English) acre is a unit of area equal to 43,560 square feet, or 10 square chains, or 160 square poles. It derives from a plowing area that is 4 poles wide and a furlong (40 poles) long. A square mile is 640 acres. The Scottish acre is 1.27 English acres. The Irish acre is 1.6 English acres.
Actual Eviction	The legal process that results in the tenants being physically removed from the leased premises.
Ad Valorem Tax	A tax levied according to value, generally used to refer to real estate tax.
Additional Principal Payment	A payment by a borrower of more than the scheduled principal amount due in order to reduce the remaining balance on the loan.
Adjustable-Rate Mortgage (ARM)	A mortgage that allows the interest rate to be changed at specific intervals over the maturity of the loan
Adjusted Basis	The original cost of a property plus the value of any capital expenditures for improvements to the property minus any depreciation taken.
Adjustment Date	The date on which the interest rate changes for an adjustable-rate mortgage (ARM).
Adjustment Period	The period that elapses between the adjustment dates for an adjustable-rate mortgage (ARM).
Administrator Or Administratrix	A person appointed by the court to settle the estate of someone who died interstate.
Affidavit Of Title	A written statement, made under oath by a seller or grantor of real property and acknowledged by a notary public, in which the grantor (1) identifies himself or herself and indicates marital status (2) certifies that since the examination of the title on the date of the contracts no defects have occurred in the title and (3) certifies that he or she is in possession of the property. (if applicable)
Affordability Analysis	A detailed analysis of your ability to afford the purchase of a home. An affordability analysis takes into consideration your income, liabilities, and available funds, along with the type of mortgage you plan to use, the area where you want to purchase a home, and the closing costs that you might expect to pay.
Amenity	A feature of real property that enhances its attractiveness and increases the occupant's or user's satisfaction although the feature is not essential to the property's use. Natural amenities include a pleasant or desirable location near water, scenic views of the surrounding area, etc. Human-made amenities include swimming pools, tennis courts, community buildings, and other recreational facilities.
Amortization	The gradual repayment of a mortgage loan by installments.
Amortization Schedule	A schedule showing each payment of a loan to be amortized and breaking down the payment into the amount applied to principal and the amount applied to interest. A timetable for payment of a mortgage loan. An amortization schedule shows the amount of each payment applied to interest and principal and shows the remaining balance after each payment is made.
Amortization Term	The amount of time required to amortize the mortgage loan. The amortization term is expressed as a number of months. For example, for a 30-year fixed-rate mortgage, the amortization term is 360 months.
Amortize	To repay a mortgage with regular payments that cover both principal and interest.
Annexation	A procedure by which a municipality, such as a city, town, or village, incorporates land within the corporate limits of the municipality; procedures vary depending on state law.

Annual Mortgagor Statement	A report sent to the mortgagor (the borrower) each year. The report shows how much was paid in taxes and interest during the year, as well as the remaining mortgage loan balance at the end of the year.
Annual Percentage Rate (APR)	The cost of a mortgage stated as a yearly rate; includes such items as interest, mortgage insurance, and loan origination fee (points). The relationship of the total finance charges associated with a loan. This must be disclosed to borrowers by lenders under the Truth-in-Lending act. The yearly interest percentage as expressed by the actual rate of interest paid. For example: 6% add on interest would be much more than 6% simple interest.
Annuity	An amount paid yearly or at other regular intervals, often on a guaranteed dollar basis.
Appraisal	An opinion of value based upon a factual analysis. Legally, an estimation of value by two disinterested persons of suitable qualifications. An estimate of the quantity, quality or value of something. The process through which conclusions of property value are obtained; also refers to the report that sets forth the process of estimation and conclusion of value. A written analysis of the estimated value of a property prepared by a qualified appraiser. Contrast with home inspection.
Appraised Value	An opinion of a property's fair market value, based on an appraiser's knowledge, experience, and analysis of the property.
Appraiser	A person qualified by education, training, and experience to estimate the value of real property and personal property.
Appreciation	An increase in the value of a property due to changes in market conditions or other causes. The opposite of depreciation. An increase in the worth or value of a property due to economic or related causes, which may prove to be either temporary or permanently opposite of depreciation.
Assemblage	The combining of two or more adjoining lots into one larger tract to increase their total value.
Assessed Value	The valuation placed on property by a public tax assessor for purposes of taxation. Value placed upon property for property tax purposes.
Assessment	The imposition of a tax, charge or levy, usually according to established rates. The process of placing a value on property for the strict purpose of taxation. May also refer to a levy against property for a special purpose, such as a sewer assessment.
Assessor	A public official who establishes the value of a property for taxation purposes.
Asset	Anything of monetary value that is owned by a person. Assets include real property, personal property, and enforceable claims against others (including bank accounts, stocks, mutual funds, and so on).
Assignment	The transfer of a mortgage from one person to another. The transfer in writing of interest in a bond, mortgage, lease or other instrument.
Assigns	Anyone acting on behalf of or in place of the nominal owner. The owner may have transferred his rights to someone else or appointed an attorney to act on his behalf.
Assumable Mortgage	A mortgage that can be taken over ("assumed") by the buyer when a home is sold.
Assumption	The transfer of the seller's existing mortgage to the buyer. See assumable mortgage .
Assumption Clause	A provision in an assumable mortgage that allows a buyer to assume responsibility for the mortgage from the seller. The loan does not need to be paid in full by the original borrower upon sale or transfer of the property.
Assumption Fee	The fee paid to a lender (usually by the purchaser of real property) resulting from the assumption of an existing mortgage.
Assumption Of Mortgage	Acquiring title to property on which there is an existing mortgage and agreeing to be personally liable for the terms and conditions of the mortgage, including payments.
Attachment	The act of taking a person's property into legal custody by writ or other judicial order to hold it available for application to that person's debt to a creditor.
Attorney-In-Fact	One who holds a power of attorney from another to execute documents on behalf of the grantor of the power.
Attorney's Opinion Of Title	An abstract of title that an attorney has examined and has certified to be, in his or her opinion, an accurate statement of the facts concerning the property ownership.
Automated Underwriting	Computer systems that permit lenders to expedite the loan approval process and reduce lending cost.

TERM**DEFINITION**

Balance	The appraisal principal that holds that value can increase or decrease based on the expectation of some future benefit or detriment produced by the property
Balance Sheet	A financial statement that shows assets, liabilities, and net worth as of a specific date.
Balloon	(1) A final payment of a balloon note. (2) A landlocked parcel of land.
Balloon Mortgage	A mortgage that has level monthly payments that will amortize it over a stated term but that provides for a lump sum payment to be due at the end of an earlier specified term. The principal and interest on the loan are amortized over a longer period than the actual term of the mortgage.
Balloon Note	A note calling for periodic payments which are insufficient to fully amortize the face amount of the note prior to maturity, so that a principal sum known as a "balloon" is due at maturity.
Balloon Payment	A final payment of a mortgage loan that is considerably larger than the required periodic payments because the loan amount was not fully amortized. The final lump sum payment that is made at the maturity date of a balloon mortgage.
Bankrupt	A person, firm, or corporation that, through a court proceeding, is relieved from the payment of all debts after the surrender of all assets to a court-appointed trustee.
Bankruptcy	A proceeding in a federal court in which a debtor who owes more than his or her assets can relieve the debts by transferring his or her assets to a trustee.
Bargain And Sale Deed	A deed that carries with it no warranties against liens or other encumbrances but that does not imply that the grantor has the right to convey title. The grantor may add warranties to the deed at his or her discretion.
Beneficiary	(1) The person for whom a trust operates or in whose behalf the income from a trust estate is drawn. (2) A lender in a deed of trust loan transaction. The person designated to receive the income from a trust, estate, or a deed of trust.
Bequest	A gift of personal property made in a will. See also Devise. To transfer personal property through a will.
Bill of Sale	A written document that transfers title to personal property.
Binder	An agreement that may accompany an earnest money deposit for the purchase of real property as evidence of the purchaser's good faith and intent to complete the transaction. A preliminary agreement, secured by the payment of an earnest money deposit, under which a buyer offers to purchase real estate.
Biweekly Payment Mortgage	A mortgage that requires payments to reduce the debt every two weeks (instead of the standard monthly payment schedule). The 26 (or possibly 27) biweekly payments are each equal to one-half of the monthly payment that would be required if the loan were a standard 30-year fixed-rate mortgage, and they are usually drafted from the borrower's bank account. The result for the borrower is a substantial savings in interest.
Blanket Insurance Policy	A single policy that covers more than one piece of property (or more than one person).
Blanket Loan	A mortgage covering more than one parcel of real estate, providing for each parcel's partial release from the mortgage lien upon repayment of a definite portion of the debt.
Blanket Mortgage	The mortgage that is secured by a cooperative project, as opposed to the share loans on individual units within the project.
Bona Fide	In good faith, without fraud.
Bond	An interest-bearing certificate of debt with a maturity date. An obligation of a government or business corporation. A real estate bond is a written obligation usually secured by a mortgage or a deed of trust.
Book Value	The value of a property as a capital asset (cost plus additions to value, less depreciation).
Breach Of Contract	Violation of any terms or conditions in a contract with out legal excuse; for example, failure to make payment when its due.
Bridge Loan	A form of interim loan, generally made between a short term loan and a permanent (long term) loan, when the borrower needs to have more time before taking the long term financing. A form of second trust that is collateralized by the borrower's present home (which is usually for sale) in a manner that allows the proceeds to be used for closing on a new house before the present home is sold.
Broker	One who acts as an intermediary on behalf of others for a fee or commission. A person who, for a commission or a fee, brings parties together and assists in negotiating contracts between them.
Budget	A detailed plan of income and expenses expected over a certain period of time. A budget can provide guidelines for managing future investments and expenses.

Building Code	An ordinance that specifies minimum standards of construction for buildings to protect public safety and health. Local regulations that control design, construction, and materials used in construction. Building codes are based on safety and health standards.
Building Permit	Written governmental permission for the construction, alteration or demolition of an improvement, showing compliance with building codes and zoning ordinances.
Buy Down	A financing technique used to reduce the monthly payments for the first few years of a loan. Funds in the form of discount points are given to the lender by the builder or seller to buy down or lower the effective interest rate paid by the buyer, this reducing the monthly payments for a set time.
Buydown Account	An account in which funds are held so that they can be applied as part of the monthly mortgage payment as each payment comes due during the period that an interest rate buydown plan is in effect.
Buydown Mortgage	A temporary buydown is a mortgage on which an initial lump sum payment is made by any party to reduce a borrower's monthly payments during the first few years of a mortgage. A permanent buydown reduces the interest rate over the entire life of a mortgage.
Buyer's Agent	A residential real estate broker or salesperson who represents the prospective purchaser in a transaction. The buyer's agent owes the buyer/principal the common-law or statutory agency duties.
Buyer's Broker	A residential real estate broker who represents prospective buyers exclusively, as they buyer's agent, the broker owes the buyer/principal the common-law statutory agency duties.

TERM**DEFINITION**

Cap	A provision of an adjustable-rate mortgage (ARM) that limits how much the interest rate or mortgage payments may increase or decrease. See lifetime payment cap, lifetime rate cap, periodic payment cap, and periodic rate cap.
Capital	(1) Money used to create income, either as an investment in a business or an income property. (2) The money or property comprising the wealth owned or used by a person or business enterprise. (3) The accumulated wealth of a person or business. (4) The net worth of a business represented by the amount by which its assets exceed liabilities.
Capital Gain	Profit earned from the sale of an asset.
Capital Improvement	Any structure or component erected as a permanent improvement to real property that adds to its value and useful life.
Capitalization	A mathematical process for estimating the value of a property using a proper rate of return on the investment and the annual net operating income expected to be produced by the property. The formula is expressed $\text{Income (over rate) = value}$
Capitalization Rate	The rate of return a property will produce on the owner's investment
Cash-Out Refinance	A refinance transaction in which the amount of money received from the new loan exceeds the total of the money needed to repay the existing first mortgage, closing costs, points, and the amount required to satisfy any outstanding subordinate mortgage liens. In other words, a refinance transaction in which the borrower receives additional cash that can be used for any purpose.
Caveat Emptor	A Latin phrase meaning "let the buyer beware"
Certificate Of Deposit (CD)	A specific sum of money deposited into a savings institution for a specified time period, and bearing a higher rate of interest than a passbook account if left to maturity. Does not have withdrawal privileges as does a passbook account. Also called a time certificate of deposit. (T.C.D.) A document written by a bank or other financial institution that is evidence of a deposit, with the issuer's promise to return the deposit plus earnings at a specified interest rate within a specified time period. See adjustable rate mortgage (ARM) .
Certificate of Deposit Index	An index that is used to determine interest rate changes for certain adjustable-rate mortgage (ARM) plans. It represents the weekly average of secondary market interest rates on six-month negotiable certificates of deposit. See adjustable-rate mortgage .
Certificate Of Sale	The document generally given to the purchaser at a tax foreclosure sale. A certificate of sale does not convey title; normally it is an instrument certifying that the holder received title to the property after the redemption period passed and that the holder paid the property taxes for that interim period.
Certificate of Title	A statement provided by an abstract company, title company, or attorney stating that the title to real estate is legally held by the current owner. A statement of opinion on the status of the title to a parcel or real property based on an examination of specified public records.
Chain Of Title	The history of all of the documents that transfer title to a parcel of real property, starting with the earliest existing document and ending with the most recent.
Clear Title	A title that is free of liens or legal questions as to ownership of the property.
Closing	A meeting at which a sale of a property is finalized by the buyer signing the mortgage documents and paying closing costs. At this meeting, ownership of the property is transferred from the seller to the buyer.
Closing Costs	Expenses incidental to a sale of real estate, such as loan fees, title fees, appraisal fees, etc. Expenses (over and above the price of the property) incurred by buyers and sellers in transferring ownership of a property. Closing costs normally include an origination fee, an attorney's fee, taxes, an amount placed in escrow, and charges for obtaining title insurance and a survey. Closing costs percentage will vary according to the area of the country; lenders or Realtors® often provide estimates of closing costs to prospective homebuyers.
Closing Statement	The statement which lists the financial settlement between the buyer and the seller, and also the costs each must pay. A separate statement for buyer and seller is sometimes prepared. See HUD-1 statement .
Cloud On Title	Any document, claim, unreleased lien or encumbrance that may impair the title to real property or make the title doubtful; usually revealed by a title search and removed by either quitclaim deed or suit to quiet title. Any conditions revealed by a title search that adversely affect the title to real estate. Usually clouds on title cannot be removed except by a quitclaim deed, release, or court action.
Codicil	A supplement or an addition to a will, executed with the same formalities as a will, that normally does not revoke the entire will.
Coinsurance	A sharing of insurance risk between the insurer and the insured. Coinsurance depends on the relationship between the amount of the policy and a specified percentage of the actual value of the property insured at the time of the loss.

Coinsurance Clause	A clause in insurance policies covering real property that requires the policy-holder to maintain fire insurance coverage generally equal to at least 80% of the property's actual replacement cost. A provision in a hazard insurance policy that states the amount of coverage that must be maintained — as a percentage of the total value of the property — for the insured to collect the full amount of a loss.
Collateral	Property put up by someone getting a loan. If they fail to repay the loan, the property goes to the person granting the loan. An asset (such as a car or a home) that guarantees the repayment of a loan. The borrower risks losing the asset if the loan is not repaid according to the terms of the loan contract.
Co-Maker	A person who signs a promissory note along with the borrower. A co-maker's signature guarantees that the loan will be repaid, because the borrower and the co-maker are equally responsible for the repayment.
Commission	The fee charged by a broker or agent for negotiating a real estate or loan transaction. A commission is generally a percentage of the price of the property or loan. Payment to a broker for services rendered, such as in the sale or purchase of real property; usually a percentage of the selling price of the property.
Commitment Letter	A formal offer by a lender stating the terms under which it agrees to lend money to a home buyer. Also known as a " loan commitment ."
Common Area Assessments	Levies against individual unit owners in a condominium or planned unit development (PUD) project for additional capital to defray homeowners' association costs and expenses and to repair, replace, maintain, improve, or operate the common areas of the project.
Common Areas	Those portions of a building, land, and amenities owned (or managed) by a planned unit development (PUD) or condominium project's homeowners' association (or a cooperative project's cooperative corporation) that are used by all of the unit owners, who share in the common expenses of their operation and maintenance. Common areas include swimming pools, tennis courts, and other recreational facilities, as well as common corridors of buildings, parking areas, means of ingress and egress, etc.
Community Land Trust Mortgage Option	An alternative financing option that enables low- and moderate-income home buyers to purchase housing that has been improved by a nonprofit Community Land Trust and to lease the land on which the property stands.
Community Property	A system of property ownership based on the theory that each spouse has an equal interest in the property acquired by the efforts of either spouse during marriage. A holdover of Spanish law found predominantly in western states; the system was unknown under English common law. In some western and southwestern states, a form of ownership under which property acquired during a marriage is presumed to be owned jointly unless acquired as separate property of either spouse.
Community Seconds®	An alternative financing option for low- and moderate-income households under which an investor purchases a first mortgage that has a subsidized second mortgage behind it. The second mortgage may be issued by a state, county, or local housing agency, foundation, or nonprofit organization. Payment on the second mortgage is often deferred and carries a very low interest rate (or no interest rate at all). Part of the debt may be forgiven incrementally for each year the buyer remains in the home.
Comparables	An abbreviation for "comparable properties"; used for comparative purposes in the appraisal process. Comparables are properties like the property under consideration; they have reasonably the same size, location, and amenities and have recently been sold. Comparables help the appraiser determine the approximate fair market value of the subject property. Properties used in an appraisal report that are substantially equivalent to the subject property.
Competitive Market Analysis (CMA)	A comparison of the prices of recently sold homes that are similar to a listing seller's home in terms of location, style and amenities.
Compound Interest	Interest paid on the accumulated interest as well as the principal. Interest paid on the original principal balance and on the accrued and unpaid interest.
Computerized Loan Origination (CLO) System	An electronic network for handling loan applications through remote computer terminals linked to various lenders' computers.
Condemn	The taking of privately owned land for public use by eminent domain. In the U.S. just compensation must be provided for any lands thus taken.
Condemnation	Acquisition of real estate through conversion to public use under the right of eminent domain. The acquisition of real estate not being offered for sale that is necessary for government operations by its superior ("eminent") authority over the land ("domain"). Condemnation results in passage of title and land to the government with or without the consent of the landowner, but with just compensation paid to the landowner. The purchase price is determined during the condemnation proceedings. The determination that a building is not fit for use or is dangerous and must be destroyed; the taking of private property for a public purpose through an exercise of the right of eminent domain.
Conditional line	An agreed line between neighbors that has not been surveyed, or which has been surveyed but not granted.
Conditional-Use Permit	Written governmental permission allowing a use inconsistent with zoning but necessary for the common good, such as locating an emergency medical facility in a predominantly residential area.

Condominium	The absolute ownership of a unit in a multi-unit building based on legal description of the airspace the unit actually occupies, plus an undivided interest in the ownership of the common elements, which are owned jointly with the other condominiums unit owners. A real estate project in which each unit owner has title to a unit in a building, an undivided interest in the common areas of the project, and sometimes the exclusive use of certain limited common areas.
Consideration	Compensation or an equivalent (such as money, material, or services) that is given for something acquired or promised. This may be the appraised fair market value of the real property; or may include protection of the real property against loss by fire, water, or other causes; or any mutually agreeable arrangement that does not conflict with governing statutory limitations. Where the government has a lessor interest, normally the government will consent to the granting of an easement by the owner of the underlying fee, subject to whatever conditions are required to protect the government's interest; consideration is not required. The money (or other property) used to purchase land.
Construction	Erecting, installing, or assembling a new facility. Adding to, altering, expanding, converting, or replacing an existing facility. Moving a facility from one installation to another. Construction includes: Equipment that personnel install on the facility. Site preparation, excavation, filling, landscaping, or other improvements that personnel make to the land.
Construction Loan	Short term financing of real estate construction. Generally followed by long term financing called a "take out" loan, issued upon completion of improvements. A short-term, interim loan for financing the cost of construction. The lender makes payments to the builder at periodic intervals as the work progresses.
Contingency	A provision in a contract that required a certain act to be done or a certain event to occur before the contract becomes binding. A condition that must be met before a contract is legally binding. For example, home purchasers often include a contingency that specifies that the contract is not binding until the purchaser obtains a satisfactory home inspection report from a qualified home inspector.
Contingent Beneficiary	One who, under the terms of a will or trust, may or may not share in the estate upon the happening of an uncertain event. Example: A leaves property to B when B reaches 30, stipulating that if B dies before 30, property goes to C. C is the contingent beneficiary.
Contract	A legally enforceable promise or set of promises that must be preformed and for which, if a breach of the promise occurs, the law provides a remedy. A contract may be either unilateral, by which only one party is bound to act, or bilateral, by which all parties to the instrument are legally bound to act as prescribed. An agreement between two or more persons or entities which creates or modifies a legal relationship. Generally based upon offer and acceptance. An oral or written agreement to do or not to do a certain thing.
Conventional Loan	A loan that requires no insurance or guarantee
Conventional Mortgage	A mortgage or deed of trust not obtained under a government insured program, (such as F.H.A. or V.A.). A mortgage that is not insured or guaranteed by the federal government. Contrast with government mortgage.
Convertibility Clause	A provision in some adjustable-rate mortgages (ARMs) that allows the borrower to change the ARM to a fixed-rate mortgage at specified time frames after loan origination.
Convertible ARM	An adjustable-rate mortgage (ARM) that can be converted to a fixed-rate mortgage under specified conditions.
Conveyance	A term used to refer to any document that transfers title to real property. The term is also used in describing the act of transferring.
Cooperative	A residential multi-unit building whose title is held by a trust or a corporation that is owned by and operated for the benefit of persons living within the building, who are the beneficial owners of the trust or stockholders of the corporation, each possessing a proprietary lease. A type of multiple ownership in which the residents of a multi-unit housing complex own shares in the cooperative corporation that owns the property, giving each resident the right to occupy a specific apartment or unit.
Co-Ownership	Title ownership held by two or more persons.
Cost Approach	The process of estimating the value of a property by adding the estimated land value the appraiser's estimate of the reproduction or replacement cost of the building, less depreciation.
Cost Of Funds Index (COFI)	An index that is used to determine interest rate changes for certain adjustable-rate mortgage (ARM) plans. It represents the weighted-average cost of savings, borrowings, and advances of the 11th District members of the Federal Home Loan Bank of San Francisco. See adjustable-rate mortgage (ARM) .
Covenant	A clause in a mortgage that obligates or restricts the borrower and that, if violated, can result in foreclosure.
Credit	On a closing statement, an amount entered in a person's favor-either an amount the party has paid or an amount for which the party must reimburse.
Credit History	A record of an individual's open and fully repaid debts. A credit history helps a lender to determine whether a potential borrower has a history of repaying debts in a timely manner.
Credit Life Insurance	A type of insurance often bought by mortgagors because it will pay off the mortgage debt if the mortgagor dies while the policy is in force.

Credit Report	A report of an individual's credit history prepared by a credit bureau and used by a lender in determining a loan applicant's creditworthiness.
Credit Reporting Agency (or bureau)	An organization that prepares reports that are used by lenders to determine a potential borrower's credit history. The agency obtains data for these reports from a credit repository as well as from other sources.
Creditor	A person to whom money is owed.
Current Assets	An accounting term meaning cash or those things which can be readily converted to cash, such as short term accounts receivable.
Current Liabilities	Short term debts

TERM**DEFINITION**

Debit	On a closing statement, an amount charged; that is, an amount that they debited party must pay.
Debt	An amount owed to another. See installment loan and revolving liability.
Deed	The legal document conveying title to a property. A document giving the holder the title to property. More generally, any document sealing an agreement, contract, etc. The most common types of deeds Bargain and Sale, Quitclaim, and Warranty. A written instrument that, when executed and delivered, conveys title to or an interest in real estate.
Deed In Trust	An instrument that grants trustee under a land trust full power to sell, mortgage and subdivide a parcel of real estate. The beneficiary controls the trustee's use of these powers under the provisions of the trust agreement. A transfer of property to someone to be held in trust for another. See trust. More specifically, however, deeds of trust are used in a number of states instead of a mortgage to secure a loan. The deed of trust names the trustees in whom title is placed as security against failure to meet the terms of the loan.
Deed Of Restrictions	Clause in a deed limiting the future uses of the property. Deed restrictions may impose a vast variety of limitations and conditions-for example, they may limit the density of buildings, dictate the types of structure from being used in specific purposes or even from being used at all.
Deed of Trust	The document used in some states instead of a mortgage; title is conveyed to a trustee.
Deed-in-Lieu	A deed given by a mortgagor to the mortgagee to satisfy a debt and avoid foreclosure. Also called a "voluntary conveyance."
Default	Failure to make mortgage payments on a timely basis or to comply with other requirements of a mortgage. The nonperformance of a duty, whether arising under a contract or other wise; failure to meet an obligation when due.
Defeasance Clause	A clause used in leases and mortgages that cancels a specific right upon the occurrences of a certain condition, such as cancellation of a mortgage upon repayment of a mortgage loan.
Deficiency Judgment	A personal judgment levied against the borrower when a foreclosure sale does not produce sufficient funds to pay the mortgage debt in full.
Delinquency	Failure to make mortgage payments when mortgage payments are due.
Demand	The amount of goods people are willing and able to buy at a given price; often coupled with supply.
Department of Veterans Affairs (VA)	An agency of the federal government that guarantees residential mortgages made to eligible veterans of the military services. The guarantee protects the lender against loss and thus encourages lenders to make mortgages to veterans.
Depreciation	(1) In appraisal, a loss of value in property due to physical deterioration, functional obsolescence and external obsolescence. (2) In real estate investment, and expense deduction for tax purposes taken over the period of ownership of income property. A decline in the value of property; the opposite of appreciation.
Designate Agent	A license authorized by a broker to act as the agent for specific principal in a particular transaction.
Diversion	A temporary change in the functional use of all or part of a building, involving no major structural changes or modifications.
Dominant Estate	The land that is served or benefited by the existence of an easement on some other land.
Dominant Tenement	A property that includes in its ownership the appurtenant right to use an easement over another person's property for a specific purpose.
Dower	The legal right or interest, recognized in some states, that a wife acquires in the property her husband held or acquired during their marriage. During the husband's lifetime the right is only a possibility of an interest; upon his death it an become an interest of land. A wife's interest in her husband's property, inheritable at his death. English probate law set this at 1/3. "Her thirds" was a phrase used for this. In the U.S. it was common for a woman to formally relinquish her dower claim on land sold by the husband. This further guaranteed that the property was clear of all obligations. In some areas the lack of a dower relinquishment at the time of sale was proof that the man was single or widowed.
Down Payment	The part of the purchase price of a property that the buyer pays in cash and does not finance with a mortgage. Cash portion paid by a buyer from his own funds as opposed to that portion of the purchase price which is financed.
Dual Agency	Representing both parties to a transaction. This is unethical unless both parties agree to it and it is illegal in many states.
Due-On -Sale Clause /Provision	A provision in the mortgage that states that the entire balance of the note is immediately due and payable if the mortgagor transfers (sells) the property.
Duress	Unlawful constraint or action exercised upon a person whereby the person is forced to perform an act against his or her will. A contract entered into under duress is voidable.

TERM**DEFINITION**

Early Withdrawal Penalty	A charge assessed against holders of fixed interest rate accounts.
Earnest Money	Money deposited by a buyer under the terms of a contract, to be forfeited if the buyers defaults but applied to the purchase price if the sale is closed.
Easement	An agreement that grants use of real property for specified purposes for a specific term or in perpetuity. Use of a portion of property for some stated purpose without remuneration. Easements are not estates in that they do not convey ownership, but rather the use of the property in so far as needed for the stated purpose. An example is the easement a city may have to dig up part of your land to repair the water main. A right of way giving persons other than the owner access to or over a property.
Easement Appurtenant	The right of an owner of real estate to use part of another's land.
Effective Age	An appraiser's estimate of the physical condition of a building. The actual age of a building may be shorter or longer than its effective age.
Effective Gross Income	Normal annual income including overtime that is regular or guaranteed. The income may be from more than one source. Salary is generally the principal source, but other income may qualify if it is significant and stable.
Eminent Domain	The right of a government or municipal quasi-public body to acquire property for public use through a court action called condemnation, in which the court decides that the use is public use and determines the compensation to be paid to the owner. The right of a government to take private property for public use upon payment of its fair market value. Eminent domain is the basis for condemnation proceedings.
Encroachment	A building or some portion of it- a wall or fence for instance-that extends beyond the land of the owner and illegally intrudes on some land of an adjoining owner or a street or alley. An unauthorized invasion of a fixture, building, or other improvement onto another person's property. An improvement that intrudes illegally on another's property.
Encumbrance	A burden on a property, generally one that affects the ability to transfer title, or one which affects the condition of the property. Examples are liens, mortgages, taxes, easements, water rights, etc. Anything that affects or limits the fee simple title to a property, such as mortgages, leases, easements, or restrictions.
Endorse	Transfer ownership of an asset by signing the back of a negotiable instrument. One can endorse a check to receive payment or endorse a stock or bond certificate to transfer ownership.
Equalization	The raising or lowering of assessed values for tax purposes in a particular county or taxing district to make them equal to assessments in other counties or districts.
Equitable Right Of Redemption	The right of a defaulted property owner to recover the property prior to its sale by paying the appropriate fees and charges.
Equitable Title	The interest held by a vendee under a contract for the deed or an installment contract; the equitable right to obtain absolute ownership to property when legal title is held in another's name.
Equity	The interest or value that an owner has in property over the above and indebtedness. A homeowner's financial interest in a property. Equity is the difference between the fair market value of the property and the amount still owed on its mortgage.
Equity Line Of Credit	A combination of a line of credit and equity loan. A maximum loan amount is established based on credit and equity. A mortgage is recorded against the potential borrower's property for said maximum loan amount. The potential borrower has the right to borrow, as needed, up to the amount of the mortgage.
Escrow	Delivery of a deed by a grantor to a third party for delivery to the grantee upon the happening of a contingent event. Modernly, in some states, all instruments necessary to the sale (including funds) are delivered to a third (neutral) party, with instructions as to their use. 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.
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 Disbursements	The use of escrow funds to pay real estate taxes, hazard insurance, mortgage insurance, and other property expenses as they become due.
Escrow Or Impound Account	Account held by a lender for payments of taxes, insurance, or other periodic debts against real property. The mortgagor or trustor pays a portion of, for example, the yearly taxes, with each monthly payment. The lender pays the tax bill from the accumulated funds.
Escrow Payment	The portion of a mortgagor's monthly payment that is held by the servicer to pay for taxes, hazard insurance, mortgage insurance, lease payments, and other items as they become due. Known as "impounds" or "reserves" in some states.

Estate	A property right held by someone. There can be many estates held on a single piece of property, for example, relating to specific uses of the property. Mineral rights, water rights, and so on are examples. Estates can be subordinate (lower in rank) to other estates. The ownership interest of an individual in real property. The sum total of all the real property and personal property owned by an individual at time of death.
Estate Taxes	Federal taxes on a decedent's real and personal property.
Eviction	A legal process to oust a person from possession of real estate. The lawful expulsion of an occupant from real property.
Evidence Of Title	Proof of ownership of property; commonly a certificate of title, an abstract of title with lawyer's opinion, title insurance or a Torrens registration certificate.
Examination Of Title	The report on the title of a property from the public records or an abstract of the title.
Executor/Executrix	The person named in a will to carry out the terms of the will. See administrator. A person named in a will to administer an estate. The court will appoint an administrator if no executor is named. "Executrix" is the feminine form.
External Depreciation	Reduction in property's value caused by outside factors (those that are off the property).

TERM**DEFINITION**

Fair Credit Reporting Act	A consumer protection law that regulates the disclosure of consumer credit reports by consumer/credit reporting agencies and establishes procedures for correcting mistakes on one's credit record.
Fair Housing Act	The federal law that prohibits discrimination in housing based on of race, color, religion, national origin, sex, age or marital status.
Fair Market Value	The highest price estimated in terms of money that a property will bring if exposed for sale in the open market allowing a reasonable time to find a purchaser who buys with knowledge of all the uses to which it is adapted and for which it is capable of being used. It is often referred to as the price at which a willing seller would sell and a willing buyer would buy, neither being under abnormal pressure. The highest price that a buyer, willing but not compelled to buy, would pay, and the lowest a seller, willing but not compelled to sell, would accept.
Family Housing	All federally owned structures, including trailers, that may be used for lodging of an individual on a permanent basis.
Fannie Mae	A New York Stock Exchange company and the largest non-bank financial services company in the world. It operates pursuant to a federal charter and is the nation's largest source of financing for home mortgages. A quasi-government agency established to purchase any kind of mortgage loans in the secondary mortgage market from the primary lenders.
Fannie Mae's Community Home Buyer's ProgramSM	An income-based community lending model, under which mortgage insurers and Fannie Mae offer flexible underwriting guidelines to increase a low- or moderate-income family's buying power and to decrease the total amount of cash needed to purchase a home. Borrowers who participate in this model are required to attend pre-purchase home-buyer education sessions.
Federal Housing Administration (FHA)	An agency of the U.S. Department of Housing and Urban Development (HUD). Its main activity is the insuring of residential mortgage loans made by private lenders. The FHA sets standards for construction and underwriting but does not lend money or plan or construct housing. An agency of the federal government that provides credit assistance to farmers and other individuals who live in rural areas
FHA Mortgage	A mortgage that is insured by the Federal Housing Administration (FHA). Also known as a government mortgage .
Fiduciary	One in whom trust and confidence is placed; a reference to a broker employed under the terms of a listing contract or buyer agency agreement.
Fiduciary Relationship	A relationship of trust and confidence, as between trustee and beneficiary, attorney and client or principal and agent.
First Mortgage	A mortgage having priority over all other voluntary liens against certain property. A mortgage that is the primary lien against a property.
Fixed Installment	The monthly payment due on a mortgage loan. The fixed installment includes payment of both principal and interest.
Fixed Rate Mortgage	A mortgage having a rate of interest which remains the same for the life of the mortgage. A mortgage in which the interest rate does not change during the entire term of the loan.
Flood Insurance	Insurance that compensates for physical property damage resulting from flooding. It is required for properties located in federally designated flood areas.
Foreclosure	A legal procedure whereby property used as security for a debt is sold to satisfy the debt in the event of a default in payment of the mortgage note or default of other terms in the mortgage document. The foreclosure procedure brings the rights of all parties to a conclusion and passes the title in the mortgaged property to either the holder of the mortgage or a third party who may purchase the realty at the foreclosure sale, free of all encumbrances affecting the property subsequent to the mortgage. The legal process by which a borrower in default under a mortgage is deprived of his or her interest in the mortgaged property. This usually involves a forced sale of the property at public auction with the proceeds of the sale being applied to the mortgage debt.
Forfeiture	The loss of money, property, rights, or privileges due to a breach of legal obligation.
Fraud	Deception intended to cause a person to give up property or lawful right.
Freddie Mac	A corporation established to purchase primarily conventional mortgages loans in the secondary mortgages market.
Fully Amortized ARM	An adjustable-rate mortgage (ARM) with a monthly payment that is sufficient to amortize the remaining balance, at the interest accrual rate, over the amortization term.

TERM**DEFINITION**

Gap	A defect in the chain of the title of a particular parcel of real estate; a missing document or conveyance that raises doubt as to the present ownership of the land.
Ginnie Mae	A government agency that plays an important role in the secondary mortgage market. It sells mortgage-backed securities that are backed by pools of FHA and VA loans.
Government Mortgage	A mortgage that is insured by the Federal Housing Administration (FHA) or guaranteed by the Department of Veterans Affairs (VA) or the Rural Housing Service (RHS). Contrast with conventional mortgage.
Graduated-Payment Mortgage (GPM)	A loan in which the monthly principal and interest payments increase by a certain number of percentage each year for a certain number of years and then level off for the remaining loan term.
Grant	Transfer of title from the government to the first titleholder of a piece of property. This term is generally used by states and the federal government.
Grantee	A person who receives a conveyance of real property from a grantor. The person to whom an interest in real property is conveyed. The person receiving a grant, or buying property.
Granting Clause	Words on a deed of conveyance that state the grantor's intention to convey the property at the present time. This clause is generally worded as "convey and warrant," "grant," "grant, bargain and sell" or the like.
Grantor	The person issuing the grant, or selling property. The person transferring the title to or an interest in real property to a grantee. The person conveying an interest in real property.
Ground Lease	A lease of land only, on which the tenant usually owns a building or is required to build as specified in the lease. Such leases are usually long-term net leases; the tenant's rights and obligations continue until the lease expires or is terminated through default.
Ground Rent	The amount of money that is paid for the use of land when title to a property is held as a leasehold estate rather than as a fee simple estate.
Growing-Equity Mortgage (GEM)	A loan in which the monthly payments increase annually, with the increased amount being used to directly reduce the principal balance outstanding and thus shorten the overall term of the loan.
Guaranty	Agreement to pay the debt or perform the obligation of another in the event the debt is not paid or obligation not performed. Differs from a surety agreement in that there must be a failure to pay or perform before the guaranty can be in effect.

TERM**DEFINITION**

Hazard Insurance	Real estate insurance protecting against loss caused by fire, some natural causes, vandalism, etc., depending upon the terms of the policy. Insurance coverage that compensates for physical damage to a property from fire, wind, vandalism, or other hazards.
Heir	One who might inherit or succeed to an interest in land under the state law of descent when the owner dies without leaving a valid will.
Hold Harmless Agreement	Provides an indemnification whereby a private party agrees to be financially liable for damages resulting from injuries to persons or damages to property arising from governmental activities or other causes.
Holdover Tenancy	A tenancy whereby a lessee retains possession of leased property after the lease has expired and the landlord, by continuing to accept rent, agrees to the tenant's continued occupancy as defended by state law.
Home Equity Conversion Mortgage (HECM)	A special type of mortgage that enables older home owners to convert the equity they have in their homes into cash, using a variety of payment options to address their specific financial needs. Unlike traditional home equity loans, a borrower does not qualify on the basis of income but on the value of his or her home. In addition, the loan does not have to be repaid until the borrower no longer occupies the property. Sometimes called a reverse mortgage.
Home Equity Line Of Credit (HELOC)	A mortgage loan, which is usually in a subordinate position, that allows the borrower to obtain multiple advances of the loan proceeds at his or her own discretion, up to an amount that represents a specified percentage of the borrower's equity in a property.
Home Equity Loan	A loan (sometimes called a line of credit) under which a property owner uses his or her residence as collateral and can then draw funds up to a prearranged amount against the property.
Home Inspection	A thorough inspection that evaluates the structural and mechanical condition of a property. A satisfactory home inspection is often included as a contingency by the purchaser. Contrast with appraisal.
Homeowners' Association	A nonprofit association that manages the common areas of a planned unit development (PUD) or condominium project. In a condominium project, it has no ownership interest in the common elements. In a PUD project, it holds title to the common elements.
Homeowner's Insurance	An insurance policy that combines personal liability insurance and hazard insurance coverage for a dwelling and its contents.
Homeowner's Insurance Policy	A standardized package insurance policy that covers a residential real estate owner against financial loss from fire, theft, public liability and other common risk.
Homeowner's Warranty (HOW)	A type of insurance that covers repairs to specified parts of a house for a specific period of time. It is provided by the builder or property seller as a condition of the sale.
Homestead	Land that is owned and occupied as the family home. In many states a portion of the area or value of this land is protected or exempt from judgments or debts.
Housing Expense Ratio	The percentage of gross monthly income that goes toward paying housing expenses.
HUD-1 Statement	A document that provides an itemized listing of the funds that are payable at closing. Items that appear on the statement include real estate commissions, loan fees, points, and initial escrow amounts. Each item on the statement is represented by a separate number within a standardized numbering system. The totals at the bottom of the HUD-1 statement define the seller's net proceeds and the buyer's net payment at closing. The blank form for the statement is published by the Department of Housing and Urban Development (HUD). The HUD-1 statement is also known as the " closing statement " or "settlement sheet."

TERM**DEFINITION**

Improvement	(1) Any structure, usually privately owned, erected on a site to enhance the value of the property—for example, building a fence or a driveway. (2) A publicly owned structure added to or benefiting land, such as a curb, sidewalk, street or sewer. (3) In addition to land amounting to more than repair or replacement and costing labor or capital (e.g., buildings, pavements, roads, fences, pipelines, landscaping, and other structures more or less permanently attached to the land).
Income Approach	The process of estimating the value of an income-producing property through capitalization of the annual net income expected to be produced by the property during its remaining useful life.
Income Property	Real estate developed or improved to produce income.
Index	A number used to compute the interest rate for an adjustable-rate mortgage (ARM). The index is generally a published number or percentage, such as the average interest rate or yield on Treasury bills. A margin is added to the index to determine the interest rate that will be charged on the ARM. This interest rate is subject to any caps that are associated with the mortgage.
Index Method	The appraisal method of estimating building costs by multiplying the original cost for current construction cost.
Inflation	An increase in the amount of money or credit available in relation to the amount of goods or services available, which causes an increase in the general price level of goods and services. Over time, inflation reduces the purchasing power of a dollar, making it worth less.
Initial Interest Rate	The original interest rate of the mortgage at the time of closing. This rate changes for an adjustable-rate mortgage (ARM). Sometimes known as “start rate” or “teaser.”
Installment	The regular periodic payment that a borrower agrees to make to a lender.
Installment Loan	Borrowed money that is repaid in equal payments, known as installments. A furniture loan is often paid for as an installment loan.
Installment Note	A note calling for payment of both principal and interest in specified amounts, or specified minimum amounts, at specific intervals.
Instrument	Legal document.
Insurable Title	A property title that a title insurance company agrees to insure against defects and disputes.
Insurance	A contract that provides compensation for specific losses in exchange for a periodic payment. An individual contract is known as an insurance policy, and the periodic payment is known as an insurance premium.
Insurance Binder	A document that states that insurance is temporarily in effect. Because the coverage will expire by a specified date, a permanent policy must be obtained before the expiration date.
Insured Mortgage	A mortgage that is protected by the Federal Housing Administration (FHA) or by private mortgage insurance (MI). If the borrower defaults on the loan, the insurer must pay the lender the lesser of the loss incurred or the insured amount. Interest The fee charged for borrowing money. A charge made by a lender for the use of money.
Interest Accrual Rate	The percentage rate at which interest accrues on the mortgage. In most cases, it is also the rate used to calculate the monthly payments, although it is not used for an adjustable-rate mortgage (ARM) with payment change limitations.
Interest Rate	The rate of interest in effect for the monthly payment due.
Interest Rate Buydown Plan	An arrangement wherein the property seller (or any other party) deposits money to an account so that it can be released each month to reduce the mortgagor’s monthly payments during the early years of a mortgage. During the specified period, the mortgagor’s effective interest rate is “bought down” below the actual interest rate.
Interest Rate Ceiling	For an adjustable-rate mortgage (ARM), the maximum interest rate, as specified in the mortgage note.
Interest Rate Floor	For an adjustable-rate mortgage (ARM), the minimum interest rate, as specified in the mortgage note.
Intestate	The condition of a property owner who dies without leaving a valid will. Title to the property will pass to the decedent’s heirs as provided in the law of descent. Having no will. If someone dies intestate, the court appoints an administrator to settle the estate.
Intrinsic Value	An appraisal term referring to value created by a person’s personal preferences for a particular type of property.
Investment	Money directed towards the purchase, improvement and development of an asset in expectation of income or profits.
Investment Property	A property that is not occupied by the owner.
Involuntary Lien	A lien placed on property without the consent of the property owner.

TERM**DEFINITION****Joint Tenancy**

Ownership of real estate between two or more parties who have been named in one conveyance as joint tenant's. Upon the death of a joint tenant, the decedent's interest passes to the surviving joint tenant or tenant's by the right of survivorship. A form of co-ownership that gives each tenant equal interest and equal rights in the property, including the right of survivorship.

Judgment

The formal decision of a court upon the respective rights and claims of the parties to an action or suit. After judgment has been entered and recorded with the county recorder, it usually becomes a general lien on the property of the defendant. A decision made by a court of law. In judgments that require the repayment of a debt, the court may place a lien against the debtor's real property as collateral for the judgment's creditor.

Judgment Lien

A lien on the property of a debtor resulting from the decree of a court.

Judicial Foreclosure

A type of foreclosure proceeding used in some states that is handled as a civil lawsuit and conducted entirely under the auspices of a court.

Jumbo Loan

A loan that exceeds Fannie Mae's mortgage amount limits.

Junior Lien

An obligation, such as a second mortgage, that is subordinate in the right or lien priority to an existing lien on the same realty.

TERM**DEFINITION**

Late Charge	The penalty a borrower must pay when a payment is made a stated number of days (usually 15) after the due date.
Lease	A written or oral contract between landlord (lessor) and a tenant (lessee) that transfers the right to exclusive possession and use of the landlord's real property to the lessee for a specified period of time and for a stated consideration (rent). By state law leases for longer than a certain period of time (generally one year) must be in writing to be enforceable.
Lease Option	A lease under which the tenant has the right to purchase the property either during the lease term or at its end.
Lease Term	For non-operating leases, the lease term is the fixed non-cancelable term of the lease plus all periods.
Leasehold Estate	A tenant's right to occupy real estate during the term of a lease, generally considered to be a personal property interest. A way of holding title to a property wherein the mortgagor does not actually own the property but rather has a recorded long-term lease on it.
Lease-Purchase Mortgage Loan	An alternative financing option that allows low- and moderate-income home buyers to lease a home from a nonprofit organization with an option to buy. Each month's rent payment consists of principal, interest, taxes and insurance (PITI) payments on the first mortgage plus an extra amount that is earmarked for deposit to a savings account in which money for a down payment will accumulate.
Legal Description	A description of a specific parcel of real estate complete enough for an independent surveyor to locate and identify. A property description, recognized by law, that is sufficient to locate and identify the property without oral testimony.
Levy	To assess; to seize or collect. To levy a tax is to assess a property and set the rate of taxation. To levy and execution is to officially seize the property of a person in order to satisfy an obligation.
Liabilities	A person's financial obligations. Liabilities include long-term and short-term debt, as well as any other amounts that are owed to others.
Liability Insurance	Insurance coverage that offers protection against claims alleging that a property owner's negligence or inappropriate action resulted in bodily injury or property damage to another party.
Lien	A right given by law to certain creditors to have their debts paid out of property of a defaulting debtor, usually by means of a court sale. A legal claim against a property that must be paid off when the property is sold.
Lifetime Payment Cap	For an adjustable-rate mortgage (ARM), a limit on the amount that payments can increase or decrease over the life of the mortgage. See cap .
Lifetime Rate Cap	For an adjustable-rate mortgage (ARM), a limit on the amount that the interest rate can increase or decrease over the life of the loan. See cap , interest rate ceiling and interest rate floor .
Line Of Credit	An agreement by a commercial bank or other financial institution to extend credit up to a certain amount for a certain time to a specified borrower. See home equity line of credit .
Lis Pendens	A recorded legal document giving constructive notice that an action affecting a particular property has been filed in either a state or a federal court.
Listing Agreement	A contract between an owner (as principal) and a real estate broker (as agent) by which the broker is employed as agent to find a buyer for the owner's real estate on the owner's terms, for which service the owner agrees to pay a commission.
Listing Broker	The broker in a multiple-listing situation from whose office a listing agreement is initiated, as opposed to the cooperating broker, from whose office negotiations leading up to a sale initiated. The listing broker and the cooperating broker may be the same person.
Loan	A sum of borrowed money (principal) that is generally repaid with interest.
Loan Commitment	See commitment letter .
Loan Origination	The process by which a mortgage lender brings into existence a mortgage secured by real property.
Loan Origination Fee	A fee charged to the borrower by the lender for making a mortgage loan. The fee is usually computed as a percentage of the loan amount.
Loan To Value Ratio (LTV)	The portion of the amount borrowed compared to the cost or value of the property purchased.
Lock-In	A written agreement in which the lender guarantees a specified interest rate if a mortgage goes to closing within a set period of time. The lock-in also usually specifies the number of points to be paid at closing.
Lock-In Period	The time period during which the lender has guaranteed an interest rate to a borrower. See lock-in .
Loss Payable Clause	A clause in an insurance policy, listing the priority of claims in the event of destruction of the property insured. Generally, a mortgagee, or beneficiary under a deed of trust, is the party appearing in the clause, being paid to the amount owing under the mortgage or deed of trust before the owner is paid.

TERM**DEFINITION**

Margin	For an adjustable-rate mortgage (ARM), the amount that is added to the index to establish the interest rate on each adjustment date, subject to any limitations on the interest rate change.
Market	A place where goods can be bought and sold and a price established.
Market Value	The most probable price property would bring in an arm's-length transaction under normal conditions on the open market.
Marketable Title	Good or clear title, reasonably free from the risk of litigation over possible defects.
Maturity	The date on which the principal balance of a loan, bond, or other financial instrument becomes due and payable.
Maximum Financing	A mortgage amount that is within 5 percent of the highest loan-to-value (LTV) percentage allowed for a specific product. Thus, maximum financing on a fixed-rate mortgage would be 90 percent or higher, because 95 percent is the maximum allowable LTV percentage for that product.
Mechanic's Lien	A statutory lien created in favor of contractor's laborers and materialmen who have preformed work or furnished materials in the erection or repair of a building.
Merged Credit Report	A credit report that contains information from three credit repositories. When the report is created, the information is compared for duplicate entries. Any duplicates are combined to provide a summary of a your credit.
Mitigation	A method or action to avoid, minimize, rectify, reduce, or compensate for program or project impacts.
Modification	The act of changing any of the terms of the mortgage.
Money Market Account	A savings account that provides bank depositors with many of the advantages of a money market fund. Certain regulatory restrictions apply to the withdrawal of funds from a money market account.
Money Market Fund	A mutual fund that allows individuals to participate in managed investments in short-term debt securities, such as certificates of deposit and Treasury bills.
Mortgage	A conditional transfer or pledge of real estate as security for the payment or debt. Also, the document creating a mortgage lien. A legal document that pledges a property to the lender as security for payment of a debt.
Mortgage Broker	An agent of a lender who brings the lender and the borrower together. The broker receives a fee for this service. An individual or company that brings borrowers and lenders together for the purpose of loan origination. Mortgage brokers typically require a fee or a commission for their services.
Mortgage Insurance	A contract that insures the lender against loss caused by a mortgagor's default on a government mortgage or conventional mortgage. Mortgage insurance can be issued by a private company or by a government agency such as the Federal Housing Administration (FHA). Depending on the type of mortgage insurance, the insurance may cover a percentage of or virtually all of the mortgage loan. See private mortgage insurance.
Mortgage Insurance Premium (MIP)	The amount paid by a mortgagor for mortgage insurance, either to a government agency such as the Federal Housing Administration (FHA) or to a private mortgage insurance (MI) company.
Mortgage Lien	A lien or charge on the property of a mortgagor that secures the underlying debt obligations.
Mortgage Life Insurance	A type of term life insurance often bought by mortgagors. The amount of coverage decreases as the principal balance declines. In the event that the borrower dies while the policy is in force, the debt is automatically satisfied by insurance proceeds.
Mortgagee	A lender in a mortgage loan transaction. The lender in a mortgage agreement.
Mortgagor	A borrower in a mortgage loan transaction. The borrower in a mortgage agreement.
Multiple-Listing Service (MLS)	A marketing organization composed of member brokers who agree to share their listing agreements with one another in the hope of procuring ready, willing and able buyers for their properties more quickly than they could on their own. Most multiple-listing services accept the exclusive-right-to-sell or exclusive agency listings from their member brokers.

TERM**DEFINITION**

Negative Amortization	A gradual increase in mortgage debt that occurs when the monthly payment is not large enough to cover the entire principal and interest due. The amount of the shortfall is added to the remaining balance to create "negative" amortization.
Negotiable Instrument	A written promise or order to pay a specific sum of money that may be transferred by endorsement or delivery. The transferee then has the original payee's rights to payment.
Net Income	The difference between adjusted gross income and operating expenses. May or may not include depreciation.
Net Operating Income (NOI)	The income projected for an income-producing property after deducting losses for vacancy and collection and operating expenses.
Net Worth	The difference between total assets and liabilities of an individual, corporation, etc. term investments if they withdraw their money before maturity. Such a penalty would be assessed, for instance, if someone who has a six month certificate of deposit withdrew the money after four months. The value of all of a person's assets, including cash, minus all liabilities.
No Cash-Out Refinance	A refinance transaction in which the new mortgage amount is limited to the sum of the remaining balance of the existing first mortgage, closing costs (including prepaid items), points, the amount required to satisfy any mortgage liens that are more than one year old (if the borrower chooses to satisfy them), and other funds for the borrower's use (as long as the amount does not exceed 1 percent of the principal amount of the new mortgage).
Note	A legal document that obligates a borrower to repay a mortgage loan at a stated interest rate during a specified period of time. See promissory note .
Note Rate	The interest rate stated on a mortgage note.
Notice Of Default	A formal written notice to a borrower that a default has occurred and that legal action may be taken.

TERM**DEFINITION****Occupancy Permit**

A permit is issued by the appropriate local governing body to establish that that property is suitable for habitation by meeting certain safety and health standards.

Open-End Loan

A mortgage loan that is expandable by increments up to a maximum dollar amount, the full loan being secured by the same original mortgage.

Original Principal Balance

The total amount of principal owed on a mortgage before any payments are made.

Origination Fee

A fee paid to a lender for processing a loan application. The origination fee is stated in the form of points. One point is 1 percent of the mortgage amount. A fee made by a lender for making a real estate loan. Usually a percentage of the amount loaned, such as one percent.

Overdraft

(1) An overdrawing of money from a bank (2) the amount overdrawn

Owner Financing

A property purchase transaction in which the property seller provides all or part of the financing.

TERM**DEFINITION**

Package Loan	A real estate loan used to finance the purchase of both real property and personal property, such as in the purchase of a new home that includes carpeting, window coverings and major appliances.
Partial Payment	A payment that is not sufficient to cover the scheduled monthly payment on a mortgage loan.
Participation Mortgage	A mortgage loan wherein the lender has a partial equity interest in the property or receives a portion of the income from the property.
Payment Cap	The limit on the amount the monthly payment can be increased on an adjustable-rate mortgage when the interest rate is adjusted.
Payment Change Date	The date when a new monthly payment amount takes effect on an adjustable-rate mortgage (ARM) or a graduated-payment adjustable-rate mortgage (GPARM). Generally, the payment change date occurs in the month immediately after the adjustment date.
Payoff Statement	The document signed by a lender indicating the amount required to pay a loan balance in full and satisfy the debt; used in the settlement process to protect both the seller's and the buyers interest.
Per Diem	Daily
Periodic Payment Cap	For an adjustable-rate mortgage (ARM), a limit on the amount that payments can increase or decrease during any one adjustment period.
Periodic Rate Cap	For an adjustable-rate mortgage (ARM), a limit on the amount that the interest rate can increase or decrease during any one adjustment period, regardless of how high or low the index might be.
Personal Property	Any property not considered real property. Personal property includes all property except land and fixed in- place buildings, naval vessels, and records of the federal government. Any property that is not real property.
Physical Deterioration	A reduction in a property's values resulting from a decline in physical condition; can be cause by action of the elements or by ordinary ware & tare.
PITI reserves	A cash amount that a borrower must have on hand after making a down payment and paying all closing costs for the purchase of a home. The principal, interest, taxes, and insurance (PITI) reserves must equal the amount that the borrower would have to pay for PITI for a predefined number of months.
Planned Unit Development (PUD)	A planned combination of diverse land uses, such as housing, recreation and shopping, in one contained development or subdivision
Power Of Attorney	A written instrument authorizing a person, the attorney-in-fact, to act as agent for another person to the extent indicated in the instrument. A legal document that authorizes another person to act on one's behalf. A power of attorney can grant complete authority or can be limited to certain acts and/or certain periods of time.
Prearranged Refinancing Agreement	A formal or informal arrangement between a lender and a borrower wherein the lender agrees to offer special terms (such as a reduction in the costs) for a future refinancing of a mortgage being originated as an inducement for the borrower to enter into the original mortgage transaction.
Premises	A somewhat fluid term meaning land and its appurtenances, or land and its buildings and structures.
Prepaid Items	On a closing statement, item that have been paid in advance by the seller, such as insurance premiums and some real estate taxes, for which he or she must be reimbursed by the buyer.
Prepayment	Any amount paid to reduce the principal balance of a loan before the due date. Payment in full on a mortgage that may result from a sale of the property, the owner's decision to pay off the loan in full, or a foreclosure. In each case, prepayment means payment occurs before the loan has been fully amortized.
Prepayment Penalty	A charge imposed on a borrower who pays off the loan principal early. This penalty compensates the lender for interest and other charges that would otherwise be lost. A fee that may be charged to a borrower who pays off a loan before it is due.
Pre-Qualification	The process of determining how much money a prospective home buyer will be eligible to borrow before he or she applies for a loan.
Prime Rate	The interest rate that banks charge to their preferred customers. Changes in the prime rate influence changes in other rates, including mortgage interest rates.
Principal Balance	The outstanding balance of principal on a mortgage. The principal balance does not include interest or any other charges.
Principal, Interest, Taxes, and Insurance (PITI)	The four components of a monthly mortgage payment. Principal refers to the part of the monthly payment that reduces the remaining balance of the mortgage. Interest is the fee charged for borrowing money. Taxes and insurance refer to the amounts that are paid into an escrow account each month for property taxes and mortgage and hazard insurance.

Priority	The order of position or time. The priority of liens is generally determined by the chronological order in which the lien documents are recorded; tax liens, however, have priority even over previously recorded liens.
Private Mortgage Insurance (PMI)	Insurance provided by private carrier that protects a lender against a loss in the event of a foreclosure and deficiency. Mortgage insurance that is provided by a private mortgage insurance company to protect lenders against loss if a borrower defaults. Most lenders generally require MI for a loan with a loan-to-value (LTV) percentage in excess of 80 percent.
Probate	The process of proving a decedent's will and settling the estate. The signing of a will was typically witnessed by neighbors, who would later swear in court that they saw the decedent sign the will prior to death. This "proved" that the will was actually that of the decedent.
Profit & Loss Statement	A statement showing the income and expenses of a business over a stated time, the difference being the profit or loss for the period.
Promissory Note	A promise in writing, and executed by the maker, to pay a specified amount during a limited time, or on demand, or at sight, to a named person, or on order, or to bearer. A written promise to repay a specified amount over a specified period of time.
Public Auction	A meeting in an announced public location to sell property to repay a mortgage that is in default.
Public Domain	Land or interest in land owned by the United States and administered by the Secretary of the Interior, through the Bureau of Land Management, without regard to how the United States acquired ownership, except lands located in the Outer Continental Shelf and lands held for the benefit of Indians, Aleuts, and Eskimos.
PUD (Planned Unit Development)	A project or subdivision that includes common property that is owned and maintained by a homeowners' association for the benefit and use of the individual PUD unit owners.
Purchase	Acquisition of real estate through buying for a mutually agreed price between a willing buyer and a willing seller.
Purchase And Sale Agreement	A written contract signed by the buyer and seller stating the terms and conditions under which a property will be sold.
Purchase-Money Mortgage (PMM)	A note secured by a mortgage or deed of trust given by a buyer, as a borrower, to a seller, as a lender, as part of the purchase price of the real estate.
Quiet Title	A court action to remove a cloud on the title.
Quitclaim Deed	A common type of deed in which the seller relinquishes claim to whatever rights were held on the property, but does not guarantee that the property is actually free of claims by others. A deed that transfers without warranty whatever interest or title a grantor may have at the time the conveyance is made.

TERM**DEFINITION**

Rate Lock	A commitment issued by a lender to a borrower or other mortgage originator guaranteeing a specified interest rate for a specified period of time. See lock-in .
Real Estate	Includes land and interests therein, leaseholds, standing timber, buildings, improvements, and appurtenances thereto. It also includes buildings, piers, docks, warehouses, basements, utility systems, rights-of-way, and easements, whether temporary or permanent, and improvements permanently attached to and ordinarily considered real estate. Sand, gravel, and stone-quarried products in their natural state are real estate. Land includes minerals in their natural state and standing timber; when severed from the land, these become personal property. GSA has excepted growing crops from the definition of real estate when the disposal agency designates such crops for disposal by severance and removal from the land. Rights and interest include leaseholds, easements, rights-of-way, water rights, air rights, and rights to lateral and subjacent support. Installed building equipment is considered real estate until severed. Equipment in place is considered personal property. The terms "real estate" and "real property" are synonymous and interchangeable.
Real Estate Settlement Procedures Act (RESPA)	The federal law that requires certain disclosures to consumers about mortgage loan settlements. The law also prohibits the payment or receipt of kickbacks and certain kinds of referral fees.
Real Estate Settlement Procedures Act (RESPA)	A consumer protection law that requires lenders to give borrowers advance notice of closing costs.
Real Property	Land and appurtenances, including anything of a permanent nature such as structures, trees, minerals, and the interest, benefits, and inherent rights thereof. The interest, benefits and rights inherent in real estate ownership. Land. See also chattel. See definition of real estate.
Realtor	A real estate broker or an associate who holds active membership in a local real estate board that is affiliated with the National Association of Realtors.
Rescission	The cancellation or annulment of a transaction or contract by the operation of a law or by mutual consent. Borrowers usually have the option to cancel a refinance transaction within three business days after it has closed.
Reconciliation	The final step in the appraisal process, in which the appraiser combines the estimates of value received from the sales comparison, cost and income approaches to arrive at a final estimate of market value for the subject property.
Reconveyance Deed	A deed used by a trustee under a deed of trust to return the title to the trustor.
Recording	The act of entering or recording documents affecting or conveying interest in real estate in the recorder's office established in each county. Until it is recorded, a deed or mortgage ordinarily is not effective against subsequent purchasers or mortgages. The noting in the registrar's office of the details of a properly executed legal document, such as a deed, a mortgage note, a satisfaction of mortgage, or an extension of mortgage, thereby making it a part of the public record.
Redemption	The right of a defaulted property owner to recover his or her property by curing the default.
Redemption Period	A period of time established by state law during which a property owner had the right to redeem his or her real estate from a foreclosure or tax sale by paying the sales price, interest and cost. Many states do not have mortgage redemption laws.
Refinance Transaction	The process of paying off one loan with the proceeds from a new loan using the same property as security.
Regulation Z	Implements the truth-in-lending act required credit institutions to inform borrowers of the true cost of obtaining credit.
Release Deed	A document, also known as deed of reconveyance, that transfers all rights given a trustee under a deed of trust loan back to the grantor after the loan has been fully repaid.
Remaining Term	The original amortization term minus the number of payments that have been applied.
Repayment Plan	An arrangement made to repay delinquent installments or advances. Lenders' formal repayment plans are called "relief provisions."
Replacement Cost	The construction cost at current prices of property that is not necessarily an exact duplicate of the subject property but serves the same purpose or function as the original.
Restrictive Covenant	An agreement contained in a deed or lease that restricts the use and occupancy of real property.
Reverse-Annuity Mortgage (RAM)	A loan under which the homeowner receives monthly payments based on his or her accumulated equity rather than a lump sum. The loan must be repaid at a prearranged date or upon the death of the owner or the sale of the property.
Right Of Survivorship	In joint tenancy, the right of survivors to acquire the interest of a deceased joint tenant. See joint tenancy .

TERM

DEFINITION

Sales Comparison Approach	The process of estimating the value of a property by examining and comparing actual sales of comparable properties.
Satisfaction Of Mortgage	A document acknowledging the payment of a mortgage debt.
Second Mortgage	A mortgage that has a lien position subordinate to the first mortgage.
Secondary Mortgage Market	A market for the purchase and sale of existing mortgages, designed to provide greater liquidity for mortgages; also called secondary money market. Mortgages are first originated in the primary mortgage market. The buying and selling of existing mortgages.
Secured Loan	A loan that is backed by collateral.
Security	The property that will be pledged as collateral for a loan.
Security Deposit	A payment by tenant, held by the landlord during the lease term and kept (wholly or partially) on default or destruction of the premises by the tenant.
Servicer	An organization that collects principal and interest payments from borrowers and manages borrowers' escrow accounts. The servicer often services mortgages that have been purchased by an investor in the secondary mortgage market.
Servicing	The collection of mortgage payments from borrowers and related responsibilities of a loan servicer.
Special Warranty Deed	A deed in which the grantor warrants, or guarantees, the title only against defects arising during the period of his or her tenure and ownership of the property and not against defects existing before that time, generally using the language, "By, through or under the grantor but not otherwise."
Specific Lien	A lien affecting or attaching only to a certain, specific parcel of land or piece of property.
Standard Payment Calculation	The method used to determine the monthly payment required to repay the remaining balance of a mortgage in substantially equal installments over the remaining term of the mortgage at the current interest rate.
Statue Of Limitation	That law pertaining to the period of time with in which certain instruments, such as deeds, be in writing to be legally enforceable.
Statutory Lien	A lien imposed on property by statute-a tax lien, for example- in contrast to an equitable lien, which arises out of the common law.
Statutory Redemption	The right of the defaulted property owner to recover the property after its sale by paying the appropriate fees and charged.
Step-Rate Mortgage	A mortgage that allows for the interest rate to increase according to a specified schedule (i.e., seven years), resulting in increased payments as well. At the end of the specified period, the rate and payments will remain constant for the remainder of the loan.
Subdivision	A tract of land divided by the owner, known as the subdivider, into blocks, buildings lots and streets according to a recorded subdivision plats, which must comply with local ordinances and regulations. A housing development that is created by dividing a tract of land into individual lots for sale or lease.
Subletting	The leasing of premises by a lessee to a third party for a part of the lessee's remaining term. See also assignment .
Subordinate Financing	Any mortgage or other lien that has a priority that is lower than that of the first mortgage.
Subordination	Relegation to a lesser position, usually in respect to a right security.
Subordination Agreement	A written agreement between holders of liens on a property that changes the priority of mortgage, judgment and other liens under certain circumstances.
Subsidized Second Mortgage	An alternative financing option known as the Community Seconds® mortgage for low- and moderate income households. An investor purchases a first mortgage that has a subsidized second mortgage behind it. The second mortgage may be issued by a state, county, or local housing agency, foundation, or nonprofit corporation. Payment on the second mortgage is often deferred and carries a very low interest rate (or no interest rate). Part of the debt may be forgiven incrementally for each year the buyer remains in the home.
Substitution	An appraisal principle that states that the maximum value of a property tends to be set by the cost of purchasing an equally desirable and valuable substitute properly, assuming that no costly delay is encountered in making the substitution
Surety Bond	An agreement by an insurance or bonding company to be responsible for certain possible defaults, debts or obligations contracted for by an insured party; in essence, a policy insuring one's personal and / or financial integrity. In the real estate business a surety bond is generally used to ensure that a particular project will be completed at a certain date or that the contract will be performed as stated.

Survey

The process by which boundaries are measured and land areas are determined; the onsite measurement of lot lines, dimensions and position of a house on a lot, including the determination of any existing encroachments or easements. A drawing or map showing the precise legal boundaries of a property, the location of improvements, easements, rights of way, encroachments, and other physical features.

TERM**DEFINITION**

Tax Credit	An amount by which tax is owed is reduced directly.
Tax Deed	An instrument, similar to a certificate of sale, given to a purchaser at a tax sale. See also certificate of sale .
Tax Lien	A charge against property, created by operation of law. Tax liens and assessments take priority over all liens.
Tax Sale	A court-ordered sale of real property to raise money to cover delinquent taxes.
Tenancy By The Entirety	A form of joint tenancy held by husband and wife. Title automatically transfers to the survivor upon the death of one party. Neither party can sell or divide the property without the consent of the other. A type of joint tenancy of property that provides right of survivorship and is available only to a husband and wife. Contrast with tenancy in common.
Tenancy In Common	Title held by two or more people where each person can sell their interest without the consent of the other owners. There are no rights of survivorship. A type of joint tenancy in a property without right of survivorship. Contrast with tenancy by the entirety and with joint tenancy.
Tenant	One who holds or possesses lands or tenements by any kind of rights or title. A unit or activity of one military agency that receives services and occupies facilities provided by another military agency through a mutually developed written or oral agreement
Time-Share	A form of ownership interest that may include an estate of interest in property and which allows use of the property for a fixed or variable time period.
Title	Legal ownership as evidenced by a deed or other instrument. A legal document evidencing a person's right to or ownership of a property.
Title Company	A company that specializes in examining and insuring titles to real estate.
Title Insurance	A policy insuring the owner or mortgagee against loss by reason of defects in the title to a parcel of real estate, other than encumbrances, defects and matters specifically excluded by the policy. Insurance that protects the lender (lender's policy) or the buyer (owner's policy) against loss arising from disputes over ownership of a property.
Title Search	The examination of public records relating to real estate to determine the current state of the ownership. A check of the title records to ensure that the seller is the legal owner of the property and that there are no liens or other claims outstanding.
Total Expense Ratio	Total obligations as a percentage of gross monthly income. The total expense ratio includes monthly housing expenses plus other monthly debts.
Transfer of Ownership	Any means by which the ownership of a property changes hands. Lenders consider all of the following situations to be a transfer of ownership: the purchase of a property "subject to" the mortgage, the assumption of the mortgage debt by the property purchaser, and any exchange of possession of the property under a land sales contract or any other land trust device. In cases in which an inter vivos revocable trust is the borrower, lenders also consider any transfer of a beneficial interest in the trust to be a transfer of ownership.
Transfer Tax	Tax stamps required to be affixed to a deed by state and / or local law. State or local tax payable when title passes from one owner to another.
Treasury Index	An index that is used to determine interest rate changes for certain adjustable-rate mortgage (ARM) plans. It is based on the results of auctions that the U.S. Treasury holds for its Treasury bills and securities or is derived from the U.S. Treasury's daily yield curve, which is based on the closing market bid yields on actively traded Treasury securities in the over-the-counter market. See adjustable-rate mortgage (ARM) .
Trust	A fiduciary arrangement whereby property is conveyed to a person or institution, called a trustee, to be held and administered on behalf of another person, called a beneficiary. The one who conveys the trust is a trustor. Confidence placed in someone by giving them property to be held or used for another's benefit. The property held in trust.
Trust Deed	An instrument used to create a mortgage lien by which the borrower conveys title to a trustee, who holds it as security for the benefit of the noteholder (the lender) ; also called a deed of trust .
Trust Deed Lien	A lien on the property of a trustor that secures a deed of trust loan.
Trustee	An individual to whom another's property is entrusted. A fiduciary who holds or controls property for the benefit of another.
Trustee's Deed	A deed executed by a trustee conveying land held in trust
Truth-in-Lending	A federal law that requires lenders to fully disclose, in writing, the terms and conditions of a mortgage, including the annual percentage rate (APR) and other charges.
Two-Step Mortgage	An adjustable-rate mortgage (ARM) that has one interest rate for the first five or seven years of its mortgage term and a different interest rate for the remainder of the amortization term.

TERM**DEFINITION**

Underwriting	The process of evaluating a loan application to determine the risk involved for the lender. Underwriting involves an analysis of the borrower's creditworthiness and the quality of the property itself.
Unsecured Loan	A loan that is not backed by collateral.
Usury	Charging interest at a higher rate than the maximum rate established by state law.
VA loan	A mortgage loan on approved property made to a qualified veteran by an authorized lender and guaranteed by the Department of Veteran Affairs in order to limit the lender's possible loss.
VA mortgage	A mortgage that is guaranteed by the Department of Veterans Affairs (VA). Also known as a government mortgage .
Valid Contract	A contract that complies with all the essentials of a contract and is binding and enforceable on all parties to it.
Vendee	A buyer, usually under the terms of a land contract.
Vendor	A seller, usually under the terms of a land contract.
Vested	Having the right to use a portion of a fund such as an individual retirement fund. For example, individuals who are 100 percent vested can withdraw all of the funds that are set aside for them in a retirement fund. However, taxes may be due on any funds that are actually withdrawn.
Voluntary Lien	A lien placed on property with the knowledge and consent of the property owner.

TERM**DEFINITION**

Warranty Deed	A deed in which the seller warrants having a valid title and that the property is clear of any liens.
Will	A written document, properly witnessed, providing for the transfer of title to property owned by the deceased, called the testator
Withdrawn Public Lands	Public domain lands held back for the use or benefit of an agency by reservation, withdrawal, or other restriction for a special government purpose. Withdrawn lands are typically used for national parks, wildlife refuges, and national defense. Withdrawal of public lands generally has the effect of segregating such land from lease, sale, settlement, or other disposition under the public land laws.
Wraparound Loan	A method of refinancing in which the new mortgage is placed in secondary, or subordinate, position; the new mortgage includes both the unpaid principal balance of the first mortgage and whatever additional sums are advanced by the lender. In essence it is an additional mortgage in which another lender refinanced a borrower by lending an amount without disturbing the existence of the first mortgage.
Wraparound Mortgage	A mortgage that includes the remaining balance on an existing first mortgage plus an additional amount requested by the mortgagor. Full payments on both mortgages are made to the wraparound mortgagee, who then forwards the payments on the first mortgage to the first mortgagee.
Zoning	The division of a municipality into districts for the purpose of regulating land use, types of buildings, required yards, necessary off-street parking, and other prerequisites to development. Zones are typically shown on a map, and the text of the zoning ordinance specifies requirements for each zoning category.
Zoning Ordinance	An exercise of police power by a municipality to regulate and control the character and use of property.