

Understanding Home Equity Products Interactive Training

GLOSSARY

This glossary defines terms used most frequently in the second mortgage industry. You can scroll the list or select a letter to look up any term alphabetically.

A

ACAPS 4.4

Automated Credit Application Processing System. Used to process and underwrite loans.

Adjustable Rate Mortgage (ARM)

A mortgage with an initial rate that adjusts periodically. The initial rate adjusts based upon the movement of an underlying index. There are a number of different ARMS with different indexes (*i.e.*, *LIBOR* or *London Interbank Offer Rate*, *11th District Cost of Funds*, *T-Bill*, etc). On ARMs, a predetermined margin is added to the index to compute the interest rate. Also known as a variable rate mortgage or renegotiable rate mortgage.

Adjusted Gross Income

Gross income reduced by certain adjustments allowed by law.

Adverse Action

A refusal to grant credit in the amount or the term requested in an application unless the creditor makes a counteroffer and the applicant uses or expressively accepts the credit offered.
A refusal to grant credit in substantially the amount or on substantially the terms requested in an application unless the creditor makes a counteroffer (to grant credit in a different amount or on other terms) and the applicant uses or expressively accepts the credit offered.

Agency Loan

Quasi government "investor" agencies to which CMMC sells mortgages. See FNMA, FHLMC, and GNMA. Sold to the secondary market (*i.e.* Fannie Mae or Freddie Mac).

Amortization

A deductible expense allowed as a means of recovering an investment in an intangible asset. Gradual reduction of a mortgage debt through periodic payments according to a schedule over a specified mortgage term.

Annual Fee or Annual Membership	Yearly fee imposed on a credit product. It is charged regardless of whether or not you use the line.
Annual Percentage Rate	(APR) The cost of credit on a yearly basis expressed as a percentage.
Applicant	One who applies for a real estate loan (also known as the borrower).
Appraisal (Independent)	An opinion of value based upon a factual analysis. Legally, an estimation of value by two disinterested persons of suitable qualifications. Report that sets forth an estimate or opinion of fair market value; also refers to the process by which a value estimate is obtained.
Appraisal Review	An analysis of the completed appraisal report to see if it conforms to specific requirements and guidelines and to insure that the report is reasonably consistent and mathematically correct.
Appraiser	A person qualified by education, training and experience to perform appraisals. Federal regulations in 12 CRF 34 require states to certify or license real estate appraisers.
ARM	An Adjustable Rate Mortgage (used in the first mortgage business) where the first few years are fixed (1-3-5-7, etc.) and every year thereafter, the rate is subject to change based upon market conditions (up to a capped rate).
Arms-Length Transaction	A transaction negotiated by unrelated parties, each acting in his/her own best interest.
Asset	Property that has value. Ownership of property or certain rights that have monetary value and are capable of providing future benefits to its owner (<i>e.g., cash, marketable securities, real property</i>).
Attorney General Disclosure	(Co-ops) A statement of financial condition required to be made by any person or entity that is the Holder of Unsold Shares that exceed 10% of the total stock of a cooperative corporation. This disclosure is made on an annual basis to the State Attorney General.

B

Back-end Ratio	Total debt-to-income ratio (<i>D/I ratio</i>).
Balance Transfer	Customers can bring over balances from other types of credit onto their line of credit.
Balloon Mortgage	<p>A mortgage that has level monthly payments that will fully amortize it over a stated term, but which provides for a lump-sum payment to be due at the end of an earlier specified time.</p> <p>One with periodic installments of principal and interest that do not fully amortize the loan. The balance of the mortgage is due in a lump sum at a specified date in the future, usually at the end of the term.</p>
Balloon (Payment)	A loan agreement that allows the customer to make small payments over the life of the loan and one lump payment in the last month of the loan.
Bankruptcy	<ul style="list-style-type: none">○ Proceedings under federal bankruptcy statutes to relieve a debtor (bankrupt) from insurmountable debt. The bankrupt's property is distributed by the court to the creditors as full satisfaction of the debts, in accordance with certain priorities and exemptions. Voluntary bankruptcy is petitioned by the debtor; involuntary by the creditors.○ A proceeding in a federal court in which a debtor (who owes more than his/her assets) is relieved from the payment of debts. This can affect the borrower's personal liability or the mortgage debt but not the lien of a mortgage.
Basis Points	BP. 100 Basis points equals one percentage point.
Blanket Mortgage	<p>A mortgage covering more than one property of the mortgagor, such as one covering all the lots of a subdivision. A mortgage covering all real property of the mortgagor, both present and future (general or underlying mortgage).</p> <p>(Co-ops) Also called the Underlying Mortgage. The mortgage encumbering the cooperative building.</p>

Blended Rate	The blended rate, or weighted average rate, is the overall cost of financing a property, expressed as an interest rate. It includes the interest rate on the mortgage or mortgages on the property, as well as the cost of any supporting products, such as mortgage insurance. You can calculate the blended rate by first multiplying the interest rate of each mortgage or loan product (pmi) by its remaining balance, and then total that number. Next, add up the total of the mortgages on the property. Finally, divide the first total, which is the interest and other costs, by the second total, which is the indebtedness on the property. That quotient will be the blended rate.
Borrower	A mortgagor who receives funds in the form of a loan with the obligation of repaying the loan in full with interest, if applicable.
Brownstone	A type of property that is typically found in Downstate NY. It is usually a single family home.
By-Laws	(Co-ops) Rules and regulations, adopted by an association or corporation, which governs its activities.
C	
Calendar Year	A 12-month period ending on December 31st.
Cap	A limit on how much the variable interest rate can increase during the life of the plan; the maximum increase of an adjustable/variable rate mortgage.
Cash-out Refinance	A transaction that pays off any existing liens on a property (if in existence), pays closing costs, discount points, prepaid items, and provides cash proceeds to the borrower in excess of 1% of the mortgage amount on agency loans, the lesser of 1% or \$5M on non-agency loans.
CEM	Consolidation, Extension and Modification of existing notes into one document: the CEM Agreement. Under New York statutory provisions, refinances and purchase money mortgages are often documented in this manner-only allowed on NYS properties.

Certificate of Occupancy (CO)	<ul style="list-style-type: none">○ A certificate issued by a local building department to a builder or renovator, stating that the building is in proper condition to be occupied.○ Written authorization given by a local municipality that allows a newly completed or substantially completed structure, to be inhabited; not to be confused with "Notice of Completion."
Chain of Title	The chronological order of conveyance of a parcel of land, from the original owner (usually the government) to the present owner.
CHF	Chase Home Finance, a division of JPMorganChase
Clear Title	Title not encumbered or burdened with defects (marketable title).
Closing	The consummation of a transaction wherein certain rights of ownership are finalized. Closings include the signing of documents. The line or loan is opened (or booked) after the closing.
Closing Statement	The statement that lists the financial settlement between the buyer and seller, and also the costs each must pay. A separate statement for buyer and seller is sometimes prepared.
CMMC	Chase Manhattan Mortgage Corporation.
Co-Borrower	A person who is jointly and equally liable for repayment of the mortgage obligation. A co-borrower completes an application and submits all documentation and may or may not be on the security instrument. (Co-maker)
Collateral	One of the 5 C's of Credit, collateral is the property pledged as security for a debt.
Combined Loan to Value (CLTV)	The ratio of the total mortgage liens against the subject property to the lesser of either the appraised value or the sales price.
Comparable Sales	Sales that have characteristics similar to those of the subject property and are used for analysis in the appraisal process. Commonly called comparables, they are recent selling prices of properties similarly situated in a similar market.

Comparison Approach	A real estate comparison method that compares a given property with similar or comparable surrounding properties; also called market comparison.
Condominium	A structure of 2 or more units, the interior space of which are individually owned, the balance of the property (land & building) is owned in common by the owners of the individual units. The size of each unit is measured from the interior surface (exclusive of paint and other finishes) of the exterior walls, floors and ceiling. The balance of the property is called the common area.
Condo-Ops (Condo/Co-ops)	(Co-ops) A building that contains both cooperative units and condominium units. Generally, the cooperative corporation owns the condominium units that are usually commercial or professional space. In addition, the cooperative corporation operates and governs over the shares of stock, which are allocated to the residential cooperative units.
Conforming Loans	Loans that do not exceed the maximum loan amount and LTV limitations of the lender.
Conventional Loan	A mortgage loan neither insured by FHA nor guaranteed by VA or Farmers Home Administration.
Convertibility Option	Converts all or part of a customer's line of credit to a fixed rate, fixed payment loan. Pertains to the Home Secured Product Line (also known as a Conversion Clause).
Conveyance	Transfer of title to land. Includes most instruments by which an interest in real estate is created, mortgaged or assigned.
Cooperative Building	(Co-ops) Also called a cooperative project, a stock cooperative or a co-op. A structure of two or more units in which the right to occupy the unit is obtained by the purchase of stock in the corporation that owns the building.

Cooperative Corporation	(Co-ops) An entity that holds title to and governs the cooperative building. Co-op is a form of multiple ownership of real estate in which a corporation or business trust entity holds title to a property and grants the occupancy rights to particular apartments, or units to shareholders by means of proprietary leases, or similar arrangements. The shares of stock allocated to the unit collateralize a loan granted for a co-op, and the shares are secured by the real estate.
Co-Borrower	A person who is jointly and equally liable for repayment of the mortgage obligation. A co-borrower completes an application and submits all documentation and may or may not be on the security instrument.
Co-Signer	A second party who is equally responsible for the loan repayment. A co-signer is not on the security instrument and is only responsible for the debt.
Cost Approach	One of three methods of appraisal. A value estimate of a property is derived by estimating the replacement cost of the improvements, deducting the estimated accrued depreciation and then adding the market value of the land.
Counteroffer	To grant credit in a different amount or on other terms than originally requested by the applicant. An approval at substantially different terms or for a substantially different amount than originally requested by the applicant, where the applicant does not use or expressly accept the credit offered.
Credit	An arrangement in which a lender lends money to a borrower with the promise that the borrower will pay the money back.
Credit Agreement	Used for all credit lines in lieu of a note.
Credit Bureau Company	A company that is engaged in the preparation of reports that are used by credit grantors to determine the credit and public records history of an individual. (i.e. Transunion, Experian, Equifax).
Credit History	Refers to the customer's past credit experience. The standard requirement is 6 months to a year of credit records.

Credit Insurance	A policy insuring payback of the loan in the event the borrower cannot repay the loan due to death or disability (payment protection).
Credit Line	Amount of money available for the customer to borrow on credit
Credit Report	Utilized by the credit analysts to make a decision on an application. Shows a borrower's CREDIT HISTORY. Chase usually obtains the reports from Experian, Transunion or Equifax. A report - usually issued by a credit bureau - detailing a borrower's credit history over a specified period of time.
Credit Score	A numbered score rated by credit bureau to gauge ones credit worthiness.
D	
Debt	Money owing from one person to another.
Debt To Income Ratio	DTI is the ratio of the borrowers total monthly obligations, including housing expenses and recurring debts, to monthly income. It is used to determine a borrower's capacity to repay the mortgage and all other debts.
Declination	Denial of a borrower's request for an extension of credit.
Deed	Actually, any one of many conveyance or financing instruments, given to pass fee title to property upon sale.
Deed in Lieu of Foreclosure	A deed given by an owner/borrower to a lender to prevent the lender from bringing foreclosure proceedings. The validity of the deed depends to some degree on "fairness" under the circumstances and adequacy of consideration will be considered.
Deed of Trust	In certain states, a legal instrument that secures a note and perfects a security interest upon real property.
Default	Failure on the borrower's part to live up to the terms of the loan agreement or note. If a borrower defaults, the lender may have the right to pursue a judgment or repossession and sell any property that the borrower has put up as security.

Documentary Tax Stamps Stamps, similar to postage stamps, affixed to a deed showing the amount of transfer tax paid. Most states now "stamp" the deed rather than affixing an actual stamp.

Draw Period The period during which the customer can take advances on the Home Equity Line of Credit.

Drive By Appraisal An estimate of value given that is based mainly on comparable sale property analysis. The appraiser does not examine the interior of the property. The market value is usually expressed as a range of values.

E

Easement A right created by grant, reservation, agreement, prescription or necessary implication, which one has in the land of another. It is either for the benefit of land (appurtenant), such as the right to cross A to get to B, or "in gross", such as a public utility easement.

Equity The difference between the fair market value (appraised value) of the customer's home and the customer's outstanding mortgage balances. The degree of ownership an entity has in a property. The value of a property beyond the amount owed on it in liens.

Errors & Omissions Insurance Also referred to as E & O insurance; is liability insurance coverage for errors, mistakes, and negligence in the usual activities of a business. Fraudulent behavior is not included.

Escrow Money, securities or other property held by a third party until the conditions of a contract are met.

Escrow Closing The deposit of funds or documents with an attorney or escrow agent to be disbursed upon closing of the real estate transaction.

Exception A specific factor of the loan scenario that exceeds product limitations (i.e. CLTV exceeds maximum allowed by product).

F

Fair Market Value

- Price that probably would be negotiated between a willing seller and willing buyer in a reasonable time. Usually arrived at by comparable sales in the area.
- The amount of money that would be paid for a property offered on the open market for a reasonable period of time with both buyer and seller knowing all the uses to which the property could be placed and with neither party being under pressure to buy or sell.
- The price established in a free market between a buyer and seller in an arms-length transaction where neither one is compelled to buy or sell. In an appraisal, this is the final value derived after examining the Sales Comparison, Cost, and if applicable, Income approaches; sometimes referred to as "Market Value."

Federal Home Loan Mortgage Corp

FHLMC (Freddie Mac) is a tax-paying corporation created by Congress that purchases conventional mortgages in the secondary mortgage market.

Federal Housing Administration

FHA is a government mortgage insurance agency under the direction of the Department of Housing and Urban Development (HUD) that insures lenders against loss from the default of borrowers on residential properties.

Federal National Mortgage Association

FNMA (Fannie Mae) is a tax-paying corporation created by Congress to support the secondary mortgage market. Fannie Mae is a quasi-public agency converted into a private corporation whose primary function is to buy and sell FHA and VA mortgages in the secondary market.

Fee Ownership

The unrestricted right of ownership in real property.

Fee Simple

An estate under which the owner is entitled to unrestricted powers to dispose of the property and which can be left by willing or by being inherited. Commonly a synonym for ownership.

Field Review Appraisal

Usually results from a request by the lender to have the original appraisal reviewed by another appraiser to check the accuracy and completeness of the first appraisal. Usually results from our request to have the original appraisal reviewed by an independent appraiser, removed from the first appraiser, to confirm or deny the completeness and accuracy of the data in the report, and the accuracy of the market value based on the date of the original appraisal report. An exterior inspection of the subject property and all comparables is required, and accompanying photos are minimum requirements.

Fiscal Year

A 12-month period ending on the last day of any month other than December.

Five C's of Credit

Capacity, Capital, Character, Collateral and Conditions.

Fixed Interest Rate

Rate that remains the same for the life of the product or for a set term of the product. The interest rate and monthly payments stay the same for the life of the loan.

Fixed Rate Mortgage

A mortgage that has a set interest rate for the entire term of the mortgage.

Flood Insurance

Insurance indemnifying against loss by flood damage. Required by lenders (usually banks) in areas designated (federally) as potential flood areas. The insurance is private but federally subsidized. A type of insurance required for homeowners who live in or near an area where floods may occur.

G

Good Faith

Something done with good intentions, without knowledge of fraudulent circumstances, or reason to inquire further.

Gross Income

All of the income of a taxpayer before subtracting any allowable deductions.

H

Hazard Insurance

Insurance that protects the homeowner and bank from natural disasters that may occur, such as fires or wind storms that cause physical damage to the home.

HE

Abbreviation for Home Equity.

HELOC

Home Equity Line of Credit.

HMDA	Home Mortgage Disclosure Act.
HOA	Homeowner's association.
Home Equity Debt	Debt secured by a principal or second residence in excess of acquisition debt. Interest on home equity indebtedness not in excess of \$100,000 is generally fully deductible (consult a tax advisor for full information)
Home Equity Line of Credit (HELOC)	A <i>variable rate revolving line</i> secured by the borrower's primary residence or secondary/vacation home (within specific limitation, usually in a subordinate position).
Homeowner's Association	HOA is a nonprofit association whose officers and directors are elected by the unit owners of a condominium or PUD project; their primary responsibility is to manage common areas, expenses and services of the project.
Homeowner's Insurance	Includes the coverage of Hazard Insurance (fire, wind, etc.) plus added coverage such as personal liability, theft away from the home (items stolen from the insurer's car) and other such coverage. The Chase Home Equity must be listed on the insurance.
I	
Independent Appraisal	An appraisal by one who has no interest in the property or nothing to gain from a high or low appraisal (used at Chase).
Index	<ul style="list-style-type: none">○ The base rate for changes that the lender uses to decide how much the annual percentage rate will change over time (i.e. Prime is the index used by Chase, subject to change based upon market conditions & as listed in the Wall Street Journal)○ A published interest rate, such as the prime rate, LIBOR, T-Bill rate or the 11th District COF. Lenders use indexes to establish interest rates charged on mortgages or to compare investment returns. A predetermined margin is added to the index to compute the interest rate on the ARM.
Installment Debt	Money borrowed that is repaid in successive payments, usually at regular intervals. Typically if 10 or fewer months remain, the I/L loan payment can be taken out of the DTI calculation.

Inter Vivos Trust A living trust used to hold real estate that an individual creates during his/her lifetime. Also referred to as a "living trust". Generally used to hold title to real estate, it is a trust an individual creates during his/her lifetime. A Chase-approved attorney should review the trust agreement to provide guidance in the preparation of loan documents to ensure Chase's rights and claims are not abbreviated.

Interest Rate The periodic charge expressed as a percentage, for use of credit. Includes the index plus margin, origination fees, points, etc.

Introductory Rate "Teaser Rate or Starter Rate" Lower rate charged at the start of a credit term to entice a borrower to apply. After a portion of time, the rate typically goes up.

Irrevocable Trust A trust that cannot be changed or terminated by the one whom created it without the agreement of the beneficiary.

J

Joint Tenancy An undivided interest in property, taken by 2 or more joint tenants. The interests must be equal, occurring under the same conveyance and beginning at the same time. Upon the death of a joint tenant, the interest passes to the surviving joint tenants, rather than the heirs of the deceased.

Junior Lien Any lien that is subordinate or subsequent to the claims of a prior lien.

K

L

Lease An agreement by which an owner of real property (lessor) gives the right of possession to another (lessee) for a specified period of time (term) and for a specified consideration (rent).

Leasehold (Co-ops) An estate or interest in real property held by virtue of a lease.

Lien

- A security interest in an asset. For example, to secure the property that a customer is using to obtain a Home Equity Loan or Line, a lien must be placed on the property for the amount the customer borrows. An encumbrance against property for money, either voluntary or involuntary. All liens are encumbrances but all encumbrances are not liens.
- A legal hold or claim of a creditor on the property as security for a debt.

Line of Credit

A type of revolving credit that lets customers access the account for the amount they want to borrow up to a limit set by the lender. Credit does not cost anything until the funds are accessed. Funds become available again as the balance is repaid.

Liquid Asset

Cash or easily convertible into cash (i.e. money market funds, U.S. Treasury bills, CD's).

**Liquid Express –
No Income
Verification**

A processing type that uses limited employment/no income documentation for borrowers who demonstrate an excellent credit history coupled with strong liquidity and a high net worth.

Liquidity

Cash or Cash equivalents that a borrower has accumulated; or the ability to readily convert other assets or investments into cash (a.k.a. cash reserves).

Loan Package

The file of all items necessary for the lender to decide to give or not to give a loan (including: application, credit report, financial statement, employment letter, appraisal, etc.)

**Loan to Value
Ratio (LTV)**

The relationship between the amount of a mortgage loan and the value of the security (property), expressed in a percentage. Percentage calculation used by the bank to determine amount the lender will lend against equity in the customer's home.

M

**Manufactured
Housing**

A factory built modular or pre-fabricated housing. A type of residential unit that is constructed in a factory in sections then transported to the property site and joined together on a pre-built foundation; includes mobile homes.

Margin	The number of percentage points the lender adds to the index rate to determine the APR to be charged (i.e. For the rate Prime + 1.5%, 1.5% would be the "margin."); typically the fixed portion of an adjustable rate mortgage.
Market Value	The most probable price which a property should bring in terms of money. The price which a property would bring in a competitive and open market under all conditions required for a fair sale. With a buyer and a seller acting prudently and knowledgeably and with neither affected by undue pressures.
Modification	Changing any terms of the mortgage.
Mortgage	<ul style="list-style-type: none">○ To hypothecate as security, real property for the payment of a debt. The borrower (mortgagor) retains possession and use of the property. The instrument by which real estate is secured as repayment of a loan; also known as the "Deed of Trust", "Trust Deed" or "Security Instrument".○ Conveyance of property (as security for a loan) on condition that the conveyance becomes void on payment or performance, according to the stipulated terms○ A note or other evidence of real property being pledged as the security for a debt; also referred to as a "Deed of Trust", "Trust Deed" or "Security Instrument".
Mortgage Insurance	Insurance that protects the lender against the loss in the event of default by the borrower. This allows the lender to make loans with lower down payments (LTV's above 80% in most cases).
Mortgagee	The party lending the money and placing the lien against the real property. Some states treat the mortgagee as the "legal" owner, entitled to rents from the property. Other states treat the mortgagee as a secured creditor, the mortgagor being the owner. The latter is the more modern and accepted view.
Mortgagor	The party who borrows the money and repays the loan in designated installments.
Multi-Family Residence	A structure, usually attached, that consists of more than one living unit, ownership is evidenced by a single deed. Also known as duplex, triplex or fourplex.

N

Negative Amortization

A gradual increase in the mortgage debt caused by unpaid interest that is added to the mortgage principal because the payment is not sufficient to cover the full amount of interest due. A variable rate loan where the payment stays the same, and depending upon the interest rate increasing or decreasing, may cause the borrower to have a large lump sum payment at the end of the loan.

No Cash Out Refinance

A refinance in which the mortgage amount is limited to the sum of the unpaid principal balance of the existing first mortgage, closing costs, etc. and where no additional cash is taken.

No Income Verification

A processing type that uses limited employment/no income documentation for borrowers who demonstrate an excellent credit history coupled with strong liquidity and a high net worth.

Non-agency Loan

Private investment portfolio (not sold to an outside source such as FNMA or FHLMC).

Nonconforming Loan

Loans that exceed the conforming limits of the lender for amount and LTV ratios.

Nonresident Alien

An individual who is not a citizen or permanent resident of the United States.

O

Owner Occupied

Property physically occupied by the owner.

Ownership

Rights to use, enjoyment and alienation of property, to the exclusion of others. Concerning real property, absolute rights are rare, being restricted by zoning laws, restrictions, liens, etc.

P

Payoff

The payment in full of an existing loan or other lien.

PITI

Principal, Interest, Taxes and Insurance.

Planned Unit Development	PUD is a real estate project in which each unit owner has title to a residential lot and building and a non-exclusive easement on the common areas of the project. Planned development of a specified land area in such a way that the land is used for residential plus a common area for all of the homeowners. Non-residential projects can also be PUDs
PMI	Principle Mortgage Insurance that is required when loan to value ratio is greater than 80%.
Power of Attorney	An authority by which one person (principal) enables another person (attorney in fact) to act on his/her behalf. <ul style="list-style-type: none">○ General Power: authorizes sale, mortgaging, etc. of all property of the principal. Invalid in some jurisdictions.○ Special Power: Specifies property, buyers, price and terms. How specific it must be varies in each state.
Pre-approved	The bank has taken a preliminary look at a customer's credit history and feels they may be eligible for a credit product. Credit analysts can not look at the whole history without permission; therefore a final decision is made after the customer mails the application back to us (may or may not be approved at that time)
Premium (Pricing)	Pricing in excess of standard rates.
Prepayment Penalty	A penalty under a note, mortgage or deed of trust, imposed when the loan is paid before it is due.
Prime Rate	The rate of interest announced by a bank's principal office. This is the rate offered to customers who meet the most stringent credit criteria.
Principal	The total sum of money borrowed.
Private Mortgage Insurance	Insurance coverage many lenders, investors and government agencies require the borrower to obtain to protect the lender against loss in the event of a mortgage default (for higher LTV mortgages).
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, to the bearer).

PUD Planned Unit Development. A real estate project in which each unit owner has title to a residential lot and building and a non-exclusive easement on the common areas of the project.

Q

Qualifying Income The income used to qualify the borrower that meets the eligibility requirements of the credit policy.

R

Real Estate Land and anything that is permanently affixed to the land, such as buildings, fences and those things attached to the buildings (i.e. light fixtures, plumbing, heating units, etc.) or other such items, which would be personal property, is not attached. The term is generally synonymous with real property, although in some states a fine distinction may be made.

Realtor A designation given to a real estate broker who is a member of a board associated with the National Association of Real Estate Boards.

Re-certify For appraisals – if a customer submits an appraisal they have in their possession (from Chase) that is less than 12 months old but greater than 4 months old, we must “re-certify” the value of the property with the appraisal company.

Recording Filing documents affecting real property as a matter of public record, giving notice to future purchasers, creditors or other interested parties. Recording is controlled by statute and usually requires witnessing and notarization of the instrument to be recorded.

Recording Fee The amount paid to the recorder's office in order to make a document a matter of public record.

Refinance The renewing of an existing loan with the same borrower and lender. A loan on the same property by either the same lender or borrower. The selling of loans by the original lender.

Repayment Period For the Home Equity Line of Credit, the 20 years after the draw period during which the customer makes principal and interest payments. The line cannot be accessed during the repayment period.

Required Cash Reserves	The amount of liquidity (or cash reserves) required to meet the eligibility requirements of a loan as determined by the specific program outline.
Rescission	The right of a borrower to nullify a contract within three business days without penalty and to have any and all deposits refunded.
Revolving Credit/Debt	Customer may access funds, pay some/all back and have the funds accessible again. Most common – department store & credit cards.
S	
Satisfaction	Discharge of an obligation by payment of the amount due (as on a mortgage) or payment of a debt awarded such as a satisfaction of judgment. Also the recorded instrument stating said payment has been made.
Second/Vacation Home	A second/vacation home that is occupied by the borrower for some portion of the year for his/her exclusive use and enjoyment but which is suitable for year round occupancy. It cannot be subject to a mandatory rental pool and the borrower does not intend to use the property for income producing purposes.
Second Mortgage	A mortgage that ranks after a first mortgage in priority. Properties may have two, three or more mortgages, deed of trust or land contracts as liens at the same time. Legal priority would determine whether they are called a first, second or third lien.
Secondary Financing	A loan secured by a mortgage or deed of trust which lien is junior (secondary) to another mortgage or trust deed.
Self-Employed Borrower	A borrower whose income is derived from a business source in which he/she has an ownership of interest of 25% or more.
Servicing	The administration of a loan that includes, but is not limited to, the collection of monthly payments, and/or related fees and disbursement of the collections to the investor whom owns the loan.
Single Family Residence (SFR)	A general term originally used to distinguish a house designed for use by one family; now distinguishes it as a house with no common area as a planned development or condominium would have.

Start Rate	Also known as the initial rate or intro rate. The interest rate at the start of the mortgage on an ARM loan or a home equity line of credit.
Subordinate Financing	Secondary financing secured by a lien that is junior to the first mortgage or senior claim.
Subordination Agreement	An agreement by which an encumbrance is made subject (junior) to a junior encumbrance. For example: a loan on a vacant lot is made subject to a subsequent construction loan.
Suspended Loan	When a loan decision cannot be rendered because vital documentation or information is missing from the file; the loan is placed in a "suspended" status pending receipt of the required information/documentation.
T	
Teaser Rate	A low initial mortgage rate that lenders charge for an adjustable rate mortgage. After a set period of time (usually 6 months to a year), the interest rate increases.
Title Insurance	Insurance against the loss resulting from defects of title to a specifically described parcel of real property. Defects may run to the fee (chain of title) or to encumbrances. Insurance provided by an insurance company that has researched the validity and completeness of title to a specific property. The insurance company will issue a policy insuring the titleholder against loss due to any defect in the title.
Title Search	A review of all recorded documents affecting a specific piece of property to determine the present condition of title or A review of the chain of ownership on a piece of real estate as revealed by an abstract of title from the public records pertaining to the property.
Trust	An entity to which assets are transferred for protection, management and distribution to others.
Two to Four Family Property	Consists of a structure that provides dwelling units for 2, 3 or 4 families, although ownership is evidenced by a single deed. Properties may be attached or detached.

U

Underwriter

An analyst who reviews the supportive documentation to determine the risk associated with the loan request.

Underwriting

The analysis of risk involved in making a mortgage loan to determine whether the risk is acceptable to the lender. Includes the evaluation of acceptable collateral as well as the borrower's ability and willingness to repay the loan.

Uniform Commercial Code (UCC)

- (Co-ops) (UCC) A coordinated code of laws governing the legal aspects of business and financial transaction in the United States. It regulates such topics as sale of goods, commercial paper, bank deposits and collections, letters of credit and securities.
- A code (laws) which regulates the transfer of personal property; it took the place of various state statutes covering chattel mortgages, conditional sales, trust receipts, etc. (Used for co-ops and condos)

V

Vacation/Second Home

A home that is occupied by the borrower for some portion of the year for his/her exclusive use and enjoyment but which is suitable for year round occupancy. It cannot be subject to a mandatory rental pool and the borrower does not intend to use the property for income producing purposes.

Valuation

Process used by real estate specialists to fix the worth and true market value of properties; basically a judgment or appreciation of the worth of a property.

Value

Worth. A fair return for money, goods or services exchanged. Monetary worth of a thing.

- Amenity: the value, difficult to measure in monetary terms that is attributable to a property because of pleasant surroundings; pretty view, for example or a quiet area or an ideal climate
- Appraised: the value indicated by someone's estimation or opinion
- Assemblage: same as plottage
- Assessed: a value placed on property for purposes of property taxation
- Book: the value shown on the accounting books of an organization
- Capitalized: the value indicated by the capitalization approach to valuation estimation
- Exchange: the value indicated by a property's ability to command other properties in trade.
- Insurable: the portion of a property that can be covered under insurance to protect the owner against loss of a particular type
- Intangible: the value attributable to a property that is difficult to determine precisely
- Intrinsic: the value inherent in the property itself
- Nuisance: the value reflected in the price a buyer would be willing to pay to eliminate an objectionable situation
- Plottage: the increase in value brought about by the combining of 2 or more parcels of land; that is the total value of the combined parcels in the "after" situation exceeds the value of the sum of the individual parcels in the "before" situation
- Potential: the value that can reasonably be foreseen in the future
- Salvage: the value imputable to a house, structure or object if it were moved to another location
- Scrap: the value imputable to the components of a structure, such as lumber, copper, roofing materials, bricks, if they were to be removed from the existing premises for use elsewhere
- Sentimental: the value imputable to a property because of a close personal interest or relationship on the part of the owner or potential owner
- Taxable: same as the assessed value

Variable Interest Rate

Rate that fluctuates according to a predetermined market indicator (i.e. Prime). Also called an "adjustable rate." Interest rates and monthly payments may vary depending on a specific index, often the Prime Rate or Treasury Bill. Payments may change periodically, based on changes in the index.

**Variable Rate Mortgages
Veteran's Administration**

See Adjustable Rate Mortgages.

VA is a government agency implemented to facilitate the adjustment of returning veterans to civilian life.

VOE

Verification of Employment. Used to verify the pay and length of employment for an individual whose company will not verify by phone.

W

Weighted Average

Refer to "blended rate".

X

Y

Z

ZIPPY

An automated underwriting system that uses a DU and LP.