

203(B)	FHA program which provides mortgage insurance to protect lenders from default; used to finance the purchase of new or existing one- to four family housing; characterized by low down payment, flexible qualifying guidelines, limited fees, and a limit on maximum loan amount.
203(K)	This FHA mortgage insurance program enables homebuyers to finance both the purchase of a house and the cost of its rehabilitation through a single mortgage loan.
401(K)/403(B)	An employer-sponsored investment plan that allows individuals to set aside tax-deferred income for retirement or emergency purposes. 401(k) plans are provided by employers that are private corporations. 403(b) plans are provided by employers that are not for profit organizations.
401(K)/403(B) Loan	Some administrators of 401(k)/403(b) plans allow for loans against the monies you have accumulated in these plans -- monies must be repaid to avoid serious penalty charges.
A	
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.
Acceptance	Consent to enter into a contract and be bound by the terms of the offer.
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 permits the lender to adjust the mortgage's interest rate periodically on the basis of changes in a specified index. Interest rates may move up or down, as market conditions change.
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	A person appointed by a probate court to administer the estate of a person who died intestate.
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 occupants or users 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 Schedule	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.
Amortization	Repayment of a mortgage loan through monthly installments of principal and interest; the monthly payment amount is based on a schedule that will allow you to own your home at the end of a specific time period (for example, 15 or 30 years)
Amortize	To repay a mortgage with regular payments that cover both principal and interest.
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)	Calculated by using a standard formula, the APR shows the cost of a loan; expressed as a yearly interest rate, it includes the interest, points, mortgage insurance, and other fees associated with the loan.
Annuity	An amount paid yearly or at other regular intervals, often on a guaranteed dollar basis.

Application	A form used to apply for a mortgage loan and to record pertinent information concerning a prospective mortgagor and the proposed security. Lenders use the information on the loan application to evaluate whether or not they can give the loan, and if so, the amount of money they can lend.
Appraisal	A document that gives an estimate of a property's fair market value; an appraisal is generally required by a lender before loan approval to ensure that the mortgage loan amount is not more than the value of the property.
Appraised Value	An opinion of a property's fair market value, based on an appraiser's knowledge, experience and analysis of the property value
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.
ARM	Adjustable Rate Mortgage; a mortgage loan subject to changes in interest rates; when rates change, ARM monthly payments increase or decrease at intervals determined by the lender; the Change in monthly -payment amount, however, is usually subject to a Cap.
Assessed Value	The valuation placed on property by a public tax assessor for purposes of taxation.
Assessment	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.
Assessment Rolls	The public record of taxable property.
Assessor	A government official who is responsible for determining the value of a property for the purpose of taxation.
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, and mutual funds and so on).
Assignment	The transfer of a mortgage from one person to another.
Assumable Mortgage	A mortgage that can be taken over ("assumed") by the buyer when a home is sold.
Assumable Mortgage	A mortgage that can be transferred from a seller to a buyer; once the loan is assumed by the buyer the seller is no longer responsible for repaying it; there may be a fee and/or a credit package involved in the transfer of an assumable mortgage.
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
Assumption Fee	The fee paid to a lender (usually by the purchaser of real property) resulting from the assumption of an existing mortgage.
Attorney-In-Fact	One who holds a power of attorney from another to execute documents on behalf of the grantor of the power.
B	
Balance Sheet	A financial statement that shows assets, liabilities and net worth as of a specific date.
Balloon Mortgage	A mortgage that typically offers low rates for an initial period of time (usually 5, 7, or 10) years; after that time period elapses, the balance is due or is refinanced by the borrower.
Balloon Payment	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
Bankruptcy	A federal law Whereby a person's assets are turned over to a trustee and used to pay off outstanding debts; this usually occurs when someone owes more than they have the ability to repay.
Before-Tax Income	Income before taxes are deducted.

Beneficiary	The person designated to receive the income from a trust, estate or a deed of trust.
Bequeath	To transfer personal property through a will.
Betterment	An improvement that increases property value as distinguished from repairs or replacements that simply maintain value.
Bill of Sale	A written document that transfers title to personal property.
Binder	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,
Blanket Insurance Policy	A single policy that covers more than one piece of property (or more than one person).
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.
Borrower	A person who has been approved to receive a loan and is then obligated to repay it and any additional fees according to the loan terms.
Breach	A violation of any legal obligation.
Bridge Loan	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. Also known as "swing loan."
Broker	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.
Budget Category	A category of income or expense data that you can use in a budget. You can also define your own budget categories and add them to some or all of the budgets you create. "Rent" is an example of an expense category. "Salary" is a typical income category.
Building Code	Local regulations that control design, construction and materials used in construction. Building codes are based on safety and health standards.
Buy down 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 buy down plan is in effect.
Buy down Mortgage	A temporary buy down 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 buy down reduces the interest rate over the entire life of a mortgage.
C	
Call Option	A provision in the mortgage that gives the mortgagee (the lender) the right to call the mortgage due and payable at the end of a specified period for whatever reason.
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 Expenditure	The cost of an improvement made to extend the useful life of a property or to add to its value.

Capital Improvement	Any structure or component erected as a permanent improvement to real property that adds to its value and useful life.
Cash Reserves	A cash amount sometimes required to be held in reserve in addition to the down payment and closing costs; the amount is determined by the lender.
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.
Certificate of Deposit	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 Eligibility	A document issued by the federal government certifying a veteran's eligibility for a Department of Veterans Affairs (VA) mortgage.
Certificate of Reasonable Value (CRV)	A document issued by the Department of Veterans Affairs (VA) that establishes the maximum value and loan amount for a VA mortgage.
Certificate of Title	A document provided by a qualified source (such as a title company) that shows the property legally belongs to the current owner; before the title is transferred at closing, it should be clear and free of all liens or other claims.
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.
Change Frequency	The frequency (in months) of payment and/or interest rate changes in an adjustable-rate mortgage (ARM).
Chattel	Another name for personal property.
Clear Title	A title that is free of liens or legal questions as to ownership of the property.
Closing	Also known as settlement, this is the time at which the property is formally sold and transferred from the seller to the buyer; it is at this time that the borrower takes on the loan obligation, pays all closing costs, and receives title from the seller.
Closing Cost Item	A fee or amount that a home buyer must pay at closing for a single service, tax, or product. Closing costs are made up of individual closing cost items such as origination fees and attorney's fees. Many closing cost items are included as numbered items on the HUD-1 statement.
Closing Statement	See HUD-1 statement.
Cloud on 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.
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 provision in a hazard insurance policy that states the amount of coverage that must be maintained - loss.
Collateral	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.
Collection	The efforts used to bring a delinquent mortgage current and to file the necessary notices to proceed with foreclosure when necessary.
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. See endorser.
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.
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."

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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 Law	An unwritten body of law based on general custom in England and used to an extent in the United States.
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	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.
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.
Compound Interest	Interest paid on the original principal balance and on the accrued and unpaid interest.
Condemnation	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.
Condominium	A form of ownership in which individuals purchase and own a unit of housing in a multi-unit complex; the owner also shares financial responsibility for common areas.
Condominium	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.
Condominium Conversion	Changing the ownership of an existing building (usually a rental project) to the condominium form of ownership.
Condominium Hotel	A condominium project that has rental or registration desks, short-term occupancy, food and telephone services and daily cleaning services and that is operated as a commercial hotel even though the units are individually owned.
Construction Loan	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 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.
Contract	An oral or written agreement to do or not to do a certain thing.
Conventional Loan	A private sector loan, one that is not guaranteed or insured by the U.S. government.
Conventional Mortgage	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 timeframes after loan origination.
Convertible Arm	An adjustable-rate mortgage (ARM) that can be converted to a fixed-rate mortgage under specified conditions.
Cooperative (Co-Op)	A type of multiple ownership in which the residents of a multiunit housing complex own shares in the cooperative corporation that owns the property, giving each resident the right to occupy a specific apartment or unit.
Cooperative Corporation	A business trust entity that holds title to a cooperative project and grants occupancy rights to particular apartments or units to shareholders through proprietary leases or similar arrangements.
Cooperative Mortgages	Mortgages related to a cooperative project. This usually refers to the multifamily mortgage covering the entire project but occasionally describes the share loans on

the individual units.

Cooperative Project	A residential or mixed-use building wherein a corporation or trust holds title to the property and sells shares of stock representing the value of a single apartment unit to individuals who, in turn, receive a proprietary lease as evidence of title.
Corporate Relocation	Arrangements under which an employer moves an employee to another area as part of the employer's normal course of business or under which it transfers a substantial part or all of its operations and employees to another area because it is relocating its headquarters or expanding its office capacity.
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	An agreement in which a borrower receives something of value in exchange for a promise to repay the lender at a later date.
Credit Bureau Score	A number representing the possibility a borrower may default; it is based upon credit history and is used to determine ability to qualify for a mortgage loan.
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.
Credit Repository	An organization that gathers, records, updates and stores financial and public records information about the payment records of individuals who are being considered for credit.
Creditor	A person to whom money is owed.
D	
Debt	An amount owed to another. See installment loan and revolving liability.
Debt-To-Income Ratio	A comparison of gross income to housing and non-housing expenses; With the FHA, the-monthly mortgage payment should be no more than 29% of monthly gross income (before taxes) and the mortgage payment combined with non-housing debts should not exceed 41% of income.
Deed	The legal document conveying title to a property.
Deed of Trust	The document used in some states instead of a mortgage; title is conveyed to a trustee.
Deed-In-Lieu	To avoid foreclosure ("in lieu" of foreclosure), a deed is given to the lender to fulfill the obligation to repay the debt; this process doesn't allow the borrower to remain in the house but helps avoid the costs, time, and effort associated with foreclosure.
Default	The inability to pay monthly mortgage payments in a timely manner or to otherwise meet the mortgage terms.
Delinquency	Failure to make mortgage payments when mortgage payments are due.
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.
Deposit	A sum of money given to bind the sale of real estate, or a sum of money given to ensure payment or an advance of funds in the processing of a loan. See earnest money deposit.
Depreciation	A decline in the value of property; the opposite of appreciation.

Discount Point	Normally paid at closing and generally calculated to be equivalent to 1% of the total loan amount, discount points are paid to reduce the interest rate on a loan.
Dower	The rights of a widow in the property of her husband at his death.
Down Payment	The part of the purchase price of a property that the buyer pays in cash and does not finance with a mortgage.
Due-On-Sale Provision	A provision in a mortgage that allows the lender to demand repayment in full if the borrower sells the property that serves as security for the mortgage.
Due-On-Transfer Provision	This terminology is usually used for second mortgages. See due-on-sale provision.
Earnest Money Deposit	A deposit made by the potential home buyer to show that he or she is serious about buying the
Earnest Money	Money put down by a potential buyer to show that he or she is serious about purchasing the home; it becomes part of the down payment if the offer is accepted, is returned if the offer is rejected, or is forfeited if the buyer pulls out of the deal.
Easement	A right of way giving persons other than the owner access to or over a property.
EEM	Energy Efficient Mortgage; an FHA program that helps homebuyers save money on utility bills by enabling them to finance the cost of adding energy efficiency features to a new or existing home as part of the home purchase
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 to take private property for public use upon payment of its fair market value. Eminent domain is the basis for condemnation proceedings.
Employer-Assisted Housing	A special housing initiative that offers several different ways for employers to work with local lenders to develop plans to assist their employees in purchasing homes.
Encroachment	An improvement that intrudes illegally on another's property.
Encumbrance	Anything that affects or limits the fee simple title to a property, such as mortgages, leases, easements or restrictions.
Endorser	A person who signs ownership interest over to another party. Contrast with co-maker.
Equal Credit Opportunity Act (ECOA)	A federal law that requires lenders and other creditors to make credit equally available without discrimination based on race, color, religion, national origin, age, sex, marital status, or receipt of income from public assistance programs.
Equity	An owner's financial interest in a property; calculated by subtracting the amount still owed on the mortgage loan(s) from the fair market value of the property.
Escrow	An item of value, money, or documents deposited with a third party to be delivered upon the fulfillment of a condition. For example, the deposit by a borrower with the lender of funds to pay taxes and insurance premiums when they become due, or the deposit of funds or documents with an attorney or escrow agent to be disbursed upon the closing of a sale of real estate.
Escrow Account	A separate account into which the lender puts a portion of each monthly mortgage payment; an escrow account provides the funds needed for such expenses as property taxes, homeowners insurance, mortgage insurance, etc.
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 Collections	Funds collected by the servicer and set aside in an escrow account to pay the borrower's property taxes, mortgage insurance and hazard insurance. 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 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	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.

Eviction	The lawful expulsion of an occupant from real property.
Examination of Title	The report on the title of a property from the public records or an abstract of the title.
Exclusive Listing	A written contract that gives a licensed real estate agent the exclusive right to sell a property for a specified time, but reserving the owner's right to sell the property alone without the payment of a commission.
Executor	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.
F	
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	A law that prohibits discrimination in all facets of the home buying process on the basis of race, color, national origin, religion, sex, familial status, or disability.
Fair Market Value	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.
Fannie Mae	Federal National Mortgage Association (FNMA); a federally-chartered enterprise owned by private stockholders that purchases residential mortgages and converts them into securities for sale to investors; by purchasing mortgages, Fannie Mae supplies funds that lenders may loan to potential homebuyers.
Fannie Mae's Community Home Buyer's Program	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.
Fee Simple	The greatest possible interest a person can have in real estate.
FHA	Federal Housing Administration; established in 1934 to advance homeownership opportunities for all Americans; assists homebuyers by providing mortgage insurance to lenders to cover most losses that may occur when a borrower defaults; this encourages lenders to make loans to borrowers who might not qualify for conventional mortgages.
FHA Coinsured Mortgage	A mortgage (under FHA Section 244) for which the Federal Housing Administration (FHA) and the originating lender share the risk of loss in the event of the mortgagor's default.
FHA Mortgage	A mortgage that is insured by the Federal Housing Administration (FHA). Also known as a government mortgage.
Finder's Fee	A fee or commission paid to a mortgage broker for finding a mortgage loan for a prospective borrower.
Firm Commitment	A lender's agreement to make a loan to a specific borrower on a specific property.
First Mortgage	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 with payments that remain the same throughout the life of the loan because the interest rate and other terms are fixed and do not change.
Fixture	Personal property that becomes real property when attached in a permanent manner to real estate.
Flood Insurance	Insurance that compensates for physical property damage resulting from flooding. It is required for properties located in federally designated flood areas.
Foreclosure	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.
Freddie Mac	Federal Home Loan Mortgage Corporation (FHLM); a federally-chartered corporation that purchases residential mortgages, securitizes them, and sells them to investors; this provides lenders With funds for new homebuyers.
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.
G	
Ginnie Mae	Good faith estimate: an estimate of all closing fees including pre-paid and escrow items as well as lender charges; must be given to the borrower within three days after submission of a loan application.
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.
Government National Mortgage Association	A government-owned corporation within the U.S. Department of Housing and Urban Development (HUD). Created by Congress on Sept. 1, 1968, GNMA assumed responsibility for the special assistance loan program formerly administered by Fannie Mae. Popularly known as Ginnie Mae.
Grantee	The person to whom an interest in real property is conveyed.
Grantor	The person conveying an interest in real property.
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.
Group Home	A single-family residential structure designed or adapted for occupancy by unrelated developmentally disabled persons. The structure provides long-term housing and support services that are residential in nature.
Growing-Equity Mortgage (Gem)	A fixed-rate mortgage that provides scheduled payment increases over an established period of time, with the increased amount of the monthly payment applied directly toward reducing the remaining balance of the mortgage.
Guarantee Mortgage	A mortgage that is guaranteed by a third party.
Guaranteed Loan	Also known as a government mortgage.
H	
Hazard Insurance	Insurance coverage that compensates for physical damage to a property from fire, wind, vandalism, or other hazards.
Home Equity Line of Credit	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 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.
Home Warranty	offers protection for mechanical systems and attached appliances against unexpected repairs not covered by homeowner's insurance, coverage extends over a specific time period and does not cover the home's structure.
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.
Home-style TM Mortgage Loan	A mortgage that enables eligible borrowers to obtain financing to remodel, repair and upgrade their existing homes or homes that they are purchasing. See also Home-Style Standard Mortgage, Home-Style Remodeler, Home-Style Community Mortgage and Home-Style Consumer Energy Loan.

Housing Counseling Agency	Provides counseling and assistance to individuals on a variety of issues, including loan default, fair housing, and home buying.
Housing Expense Ratio	The percentage of gross monthly income that goes toward paying housing expenses.
HUD Median Income	Median family income for a particular county or metropolitan statistical area (MSA), as estimated by the Department of Housing and Urban Development (HUD).
HUD	The U.S. Department of Housing and Urban Development; established in 1965, HUD works to create a decent home and suitable living environment for all Americans; it does this by addressing housing needs, improving and developing American communities, and enforcing fair housing laws.
Hud1 Statement	Also known as the "settlement sheet," it itemizes all closing costs; must be given to the borrower at or before closing.
HVAC	: Heating, Ventilation and Air Conditioning; a home's heating and cooling system.
I	
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.
In-File Credit Report	An objective account, normally computer-generated, of credit and legal information obtained from a credit repository.
Inflation	The number of dollars in circulation exceeds the amount of goods and services available for purchase; inflation results in a decrease in the dollar's value.
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.
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	A fee charged 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 amount of interest charged on a monthly loan payment; usually expressed as a percentage.
Interest Rate Buy down 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.

Investment Property	A property that is not occupied by the owner.
IRA (Individual Retirement Account)	A retirement account that allows individuals to make tax-deferred contributions to a personal
J	
Joint Tenancy	A form of co-ownership that gives each tenant equal interest and equal rights in the property, including
Judgment	A legal decision; when requiring debt repayment, a judgment may include a property lien that secures the creditor's claim by providing a collateral source.
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
Jumbo Loan	A loan that exceeds Fannie Mae's mortgage amount limits. Also called a nonconforming loan.
L	
Late Charge	The penalty a borrower must pay when a payment is made a stated number of days (usually 15) after
Lease	A written agreement between the property owner and a tenant that stipulates the conditions under
Lease Purchase	Assists low- to moderate-income homebuyers in purchasing a home by allowing them to lease a home with an option to buy; the rent payment is made up of the monthly rental payment plus an additional amount that is credited to an account for use as a down payment.
Leasehold Estate	A way of holding title to a property wherein the mortgagor does not actually own the property but
Lease-Purchase Mortgage Loan	An alternative financing option that allows low- and moderate-income home buyers to lease a home
Legal Description	A property description, recognized by law, that is sufficient to locate and identify the property without
Liabilities	A person's financial obligations. Liabilities include long-term and short-term debt, as well as any other
Liability Insurance	Insurance coverage that offers protection against claims alleging that a property owner's negligence or
Lien	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
Lifetime Rate Cap	For an adjustable-rate mortgage (ARM), a limit on the amount that the interest rate can increase or
Line of Credit	An agreement by a commercial bank or other financial institution to extend credit up to a certain
Liquid Asset	A cash asset or an asset that is easily converted into cash.
Loan	A sum of borrowed money (principal) that is generally repaid with interest.
Loan Commitment	See commitment letter.
Loan Fraud	Purposely giving incorrect information on a loan application in order to better qualify for a loan; may result in civil liability or criminal penalties.
Loan Origination	The process by which a mortgage lender brings into existence a mortgage secured by real property.
Loan-To-Value (LTV) Percentage	The relationship between the principal balance of the mortgage and the appraised value (or sales
Loan-To-Value (LTV) Ratio	A percentage calculated by dividing the amount borrowed by the price or appraised value of the home to be purchased; the higher the LTV, the less cash a borrower is required to pay as down payment.
Lock-In	A written agreement in which the lender guarantees a specified interest rate if a mortgage goes to

Lock-In Period	The time period during which the lender has guaranteed an interest rate to a borrower. See lock-in.
Loss Mitigation	A process to avoid foreclosure; the lender tries to help a borrower who has been unable to make loan payments and is in danger of defaulting on his or her loan
M	
Margin	An amount the lender adds to an index to determine the interest rate on an adjustable rate mortgage.
Master Association	A homeowners' association in a large condominium or planned unit development (PUD) project that is
Maturity	The date on which the principal balance of a loan, bond or other financial instrument becomes due and
Maximum Financing	A mortgage amount that is within 5 percent of the highest loan-to-value (LTV) percentage allowed for
Merged Credit Report	A credit report that contains information from three credit repositories. When the report is created, the
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
Money Market Fund	A mutual fund that allows individuals to participate in managed investments in short-term debt
Monthly Fixed Installment	That portion of the total monthly payment that is applied toward principal and interest. When a
Monthly Payment Mortgage	A mortgage that requires payments to reduce the debt once a month.
Mortgage	A legal document that pledges a property to the lender as security for payment of a debt.
Mortgage Banker	A company that originates loans and resells them to secondary mortgage lenders like Fannie Mae or Freddie Mac.
Mortgage Broker	A firm that originates and processes loans for a number of lenders.
Mortgage Insurance Premium (MIP)	The amount paid by a mortgagor for mortgage insurance, either to a government agency such as the
Mortgage Insurance	A policy that protects lenders against some or most of the losses that can occur when a borrower defaults on a mortgage loan; mortgage insurance is required primarily for borrowers with a down payment of less than 20% of the home's purchase price.
Mortgage Life Insurance	A type of term life insurance often bought by mortgagors. The amount of coverage decreases as the
Mortgage Modification	A loss mitigation option that allows a borrower to refinance and/or extend the term of the mortgage loan and thus reduce the monthly payments.
Mortgage	A lien on the property that secures the Promise to repay a loan.
Mortgagee	The lender in a mortgage agreement.
Mortgagor	The borrower in a mortgage agreement.
Multidwelling Units	Properties that provide separate housing units for more than one family, although they secure only a
Multifamily Mortgage	A residential mortgage on a dwelling that is designed to house more than four families, such as a
Multifamily Properties	Fannie Mae provides financing for multifamily (buildings with five or more units) rental properties
Negative Amortization	A gradual increase in mortgage debt that occurs when the monthly payment is not large enough to
Net Cash Flow	The income that remains for an investment property after the monthly operating income is reduced by
Net Worth	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

O	
Offer	Indication by a potential buyer of a willingness to purchase a home at a specific price; generally put forth in writing.
Origination Fee	The charge for originating a loan; is usually calculated in the form of points and paid at closing.
Origination	The process of preparing, submitting, and evaluating a loan application; generally includes a credit check, verification of employment, and a property appraisal.
P	
Partial Claim	A loss mitigation option offered by the FHA that allows a borrower, with help from a lender, to get an interest-free loan from HUD to bring their mortgage payments up to date.
Partial Payment	A payment that is not sufficient to cover the scheduled monthly payment on a mortgage loan.
Payment Change Date	The date when a new monthly payment amount takes effect on an adjustable-rate mortgage (ARM) or
Periodic Payment Cap	For an adjustable-rate mortgage (ARM), a limit on the amount that payments can increase or
Periodic Rate Cap	For an adjustable-rate mortgage (ARM), a limit on the amount that the interest rate can increase or
Personal Property	Any property that is not real property.
PITI Reserves	A cash amount that a borrower must have on hand after making a down payment and paying all
PITI	Principal, Interest, Taxes, and Insurance - the four elements of a monthly mortgage payment; payments of principal and interest go directly towards repaying the loan while the portion that covers taxes and insurance (homeowner's and mortgage, if applicable) goes into an escrow account to cover the fees when they are due.
Planned Unit Development	See PUD below.
PMI	Private Mortgage Insurance; privately-owned companies that offer standard and special affordable mortgage insurance programs for qualified borrowers with down payments of less than 20% of a purchase price.
Point	A one-time charge by the lender for originating a loan. A point is 1 percent of the amount of the
Power of Attorney	A legal document that authorizes another person to act on one's behalf. A power of attorney can grant
Pre-Approve	Lender commits to lend to a potential borrower; commitment remains as long as the borrower still meets the qualification requirements at the time of purchase.
Prearranged Refinancing Agreement	A formal or informal arrangement between a lender and a borrower wherein the lender agrees to offer
Pre-Foreclosure Sale	Allows a defaulting borrower to sell the mortgaged property to satisfy the loan and avoid foreclosure.
Premium	An amount paid on a regular schedule by a policyholder that maintains insurance coverage.
Prepayment	Any amount paid to reduce the principal balance of a loan before the due date.
Prepayment Penalty	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.
Pre-Qualify	A lender informally determines the maximum amount an individual is eligible to borrow.
Principal	The amount borrowed from a lender; doesn't include interest or additional fees.
Principal	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 amount borrowed or remaining unpaid. The part of the monthly payment that reduces the remaining balance of a mortgage. More

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.
Private Mortgage Insurance (MI)	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.
Promissory Note	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.
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 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 Transaction	The acquisition of property through the payment of money or its equivalent.
Q	
Qualifying Ratios	Calculations that are used in determining whether a borrower can qualify for a mortgage. They consist of two separate calculations a housing expense as a percent of income ratio and total debt obligations as a percent of income ratio.
R	
Radon	A radioactive gas found in some homes that, if occurring in strong enough concentrations, can cause health problems.
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.
Rate-Improvement Mortgage	A fixed-rate mortgage that includes a provision that gives the borrower a one-time option to reduce the interest rate (without refinancing) during the early years of the mortgage term.
Real Estate Agent	An individual who is licensed to negotiate and arrange real estate sales; works for a real estate broker.
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.
Realtor	A real estate agent or broker who is a member of the NATIONAL ASSOCIATION OF REALTORS, and its local and state associations.
Recession	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.
Recorder	The public official who keeps records of transactions that affect real property in the area. Sometimes known as a "Registrar of Deeds" or "County Clerk."
Recording	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.
Refinance Transaction	The process of paying off one loan with the proceeds from a new loan using the same property as security.
Refinancing	: Paying off one loan by obtaining another; refinancing is generally done to secure better loan terms (like a lower interest rate).
Rehabilitation Mortgage	A mortgage created to cover the costs of repairing, improving and sometimes acquiring an existing property.
Remaining Balance	The amount of principal that has not yet been repaid. See principal balance.
Remaining Term	The original amortization term minus the number of payments that has been applied.
Rent Loss Insurance	Insurance that protects a landlord against loss of rent or rental value due to fire or other casualty that renders the leased premises unavailable for use and as a result of

	which the tenant is excused from paying rent.
Rent With Option To Buy	See lease-purchase mortgage loan.
Repayment Plan	An arrangement made to repay delinquent installments or advances. Lenders' formal repayment plans are called "relief provisions."
Replacement Reserve Fund	A fund set aside for replacement of common property in a condominium, PUD, or cooperative project -
RESPA	Real Estate Settlement Procedures Act; a law protecting consumers from abuses during the residential real estate purchase and loan process by requiring lenders to disclose all settlement costs, practices, and relationships
Revolving Liability	A credit arrangement, such as a credit card, that allows a customer to borrow against a pre-approved line of credit when purchasing goods and services. The borrower is billed for the amount that is actually borrowed plus any interest due.
Right of First Refusal	A provision in an agreement that requires the owner of a property to give another party the first opportunity to purchase or lease the property before he or she offers it for sale or lease to others.
Right of Ingress Or Egress	The right to enter or leave designated premises.
Right of Survivorship	In joint tenancy, the right of survivors to acquire the interest of a deceased joint tenant.
Rural Housing Service (RHS)	An agency within the Department of Agriculture, which operates principally under the Consolidated Farm and Rural Development Act of 1921 and Title V of the Housing Act of 1949. This agency provides financing to farmers and other qualified borrowers buying property in rural areas who are unable to obtain loans elsewhere. Funds are borrowed from the U.S. Treasury.
S	
Sale-Leaseback	A technique in which a seller deeds property to a buyer for a consideration, and the buyer simultaneously leases the property back to the seller.
Second Mortgage	A mortgage that has a lien position subordinate to the first mortgage.
Secondary 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.
Seller Take-Back	An agreement in which the owner of a property provides financing, often in combination with an assumable mortgage. See owner financing.
Servicer	An organization that collects principal and interest payments from borrowers and manages borrower's 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. Settlement
Settlement Sheet	See HUD-1 statement.
Settlement	Another name for closing.
Single-Family Properties	One- to four-unit properties including detached homes, townhomes, condominiums and cooperatives.
Special Deposit Account	An account that is established for rehabilitation mortgages to hold the funds needed for the rehabilitation work so they can be disbursed from time to time as particular portions of the work are completed.
Special Forbearance	A loss mitigation option where the lender arranges a revised repayment plan for the borrower that may include a temporary reduction or suspension of monthly loan payments.
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.
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 housing development that is created by dividing a tract of land into individual lots for sale or lease.
Subordinate Financing	Any mortgage or other lien that has a priority that is lower than that of the first mortgage.
Subordinate	To place in a rank of lesser importance or to make one claim secondary to another.
Survey	: A property diagram that indicates legal boundaries, easements, encroachments, rights of way, improvement locations, etc.
Survey	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.
Sweat Equity	Contribution to the construction or rehabilitation of a property in the form of labor or services rather than cash.
T	
Tenancy By The Entirety	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 A type of joint tenancy in a property without right of survivorship. Contrast with tenancy by the entirety and with joint tenancy.
Tenant-Stockholder	The obligee for a cooperative share loan, who is both a stockholder in a cooperative corporation and a tenant of the unit under a proprietary lease or occupancy agreement.
Third-Party Origination	A process by which a lender uses another party to completely or partially originate, process, underwrite, close, fund or package the mortgages it plans to deliver to the secondary mortgage market. See mortgage broker.
Title	A legal document evidencing a person's right to or ownership of a property.
Title 1	An FHA-insured loan that allows a borrower to make non-luxury improvements (like renovations or repairs) to their home; Title 1 loans less than \$7,500 don't require a property lien.
Title Company	A company that specializes in examining and insuring titles to real estate.
Title Insurance	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	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.
Trade Equity	Equity that results from a property purchaser giving his or her existing property (or an asset other than real estate) as trade as all or part of the down payment for the property that is being purchased.
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.
Transfer Tax	State or local tax payable when title passes from one owner to another.
Trustee	A fiduciary who holds or controls property for the benefit of another.
Truth-In-Lending	A federal law obligating a lender to give full written disclosure of all fees, terms, and conditions associated with the loan initial period and then adjusts to another rate that lasts for the term of the loan.
Two- To Four-Family Property	A property that consists of a structure that provides living space (dwelling units) for two to four families, although ownership of the structure is evidenced by a single deed.
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.

U	
Underwriting	The process of analyzing a loan application to determine the amount of risk involved in making the loan; it includes a review of the potential borrower's credit history and a judgment of the property value.
Unsecured Loan	A loan that is not backed by collateral.
V	
VA Mortgage	A mortgage that is guaranteed by the Department of Veterans Affairs (VA). Also known as a government mortgage.
VA	Department of Veterans Affairs a federal agency which guarantees loans made to veterans; similar to mortgage insurance, a loan guarantee protects lenders against loss that may result from a borrower default.
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.
W	
What-If Analysis	An affordability analysis that is based on a what-if scenario. A what-if analysis is useful if you do not have complete data or if you want to explore the effect of various changes to your income, liabilities, or available funds or to the qualifying ratios or down payment expenses that are used in the analysis.
What-If Scenario	A change in the amounts that is used as the basis of an affordability analysis. A what-if scenario can include changes to monthly income, debts, or down payment funds or to the qualifying ratios or down payment expenses that are used in the analysis. You can use a what-if scenario to explore different ways to improve your ability to afford a house.
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.