Glossary of Key Terms

Increase your understanding of the options available

28/36 rule

A guideline for calculating the amount of debt an individual or household can responsibly assume. It suggests a maximum housing expense-to-income ratio of 28% and a maximum total debt-to-income ratio of 36%.

401(k)

A workplace retirement savings plan for private companies. Employees can contribute a percentage of their paycheck either before or after tax, depending on the options offered in the plan. The contributions are put into a 401(k) account where the employee is often able to select investments based on the options provided in the plan.

403(b)

A retirement plan for certain employees of public schools, employees of certain tax-exempt organizations, and certain ministers (also known as a tax-sheltered annuity plan).

529 plan

A savings plan for families saving money for future educational costs. 529 plans include tax advantages not available for regular savings products.

Account balance

The dollar amount of available funds in a financial repository, such as a checking or savings account.

Adjustable-rate mortgage (ARM)

A mortgage loan with an interest rate that can change, usually adjusted in response to the market or Treasury bill rates. An ARM loan usually starts off with a lower interest rate than a fixed-rate mortgage, but the rate may increase over time.

Affidavit

A legally binding document that you sign to indicate that all the information you provided is accurate.

Amortization

The process of paying off a loan with regular payments over time, so that the amount owed decreases with each payment. Most home loans amortize, but some do not fully amortize, meaning the buyer still owes money after making all payments.

Annual percentage rate (APR)

The effective rate that includes the interest rate and any other fees over the life of the loan (e.g., closing costs, fees) and indicates your total annual cost of borrowing. As a result, the APR is higher than the base interest rate of the mortgage. Be sure to consider APR, and not just interest rate, when comparing lenders.

Appraisal

A report of estimated value. (Also refers to the evaluation process by which a value estimate is obtained.)

Appraiser

A person qualified by education, training, and experience to estimate the value of real estate and personal property.

Appreciation

An increase in the value of property for any reason other than inflation.

Area median income (AMI)

The median income in a specific locality, typically a county or Metropolitan Statistical Area (MSA), as determined by the Department of Housing and Urban Development (HUD).

ARM index

For an adjustable-rate mortgage (ARM), the index is a benchmark interest rate that reflects general market conditions.

ARM margin

For an adjustable-rate mortgage (ARM), the margin is the number of percentage points added to the index by the mortgage lender to set the interest rate after the initial rate period ends.

Assumption of mortgage loan

A loan assumption occurs when a new borrower or property owner takes on responsibility for the obligations of the loan and is named as a borrower on the note. Generally, whether a loan is assumable is determined by the terms of the mortgage documents. Unless the mortgage servicer agrees to modify the terms of the loan, an assumption will not result in a change to the loan terms, such as the interest rate, monthly principal and interest payment, and remaining loan term.

Authorized user

Someone who has been added to a credit card account by the primary cardholder, giving them full access to the account and allowing them the ability to make purchases with the card.

Avalanche method

A debt reduction strategy of making minimum payments on all debt then using any extra funds to pay off the debt with the highest interest rate.

Balloon mortgage

A mortgage loan with initially low interest payments but requiring one large "balloon" payment due upon maturity.

Balloon payment

A larger-than-usual, one-time payment at the end of a loan term. A balloon mortgage may allow lower payments during the years before the balloon payment comes due, but you could owe a larger amount at the end of the loan term or with earlier payoff of the loan.

Bank statement

A document sent by a bank to an account holder with a summary of account transactions for a specified period of time (typically monthly).

Bankruptcy

A legal proceeding in federal court in which a debtor seeks to restructure or eliminate their obligations to creditors pursuant to the Bankruptcy Code. This may remove a borrower's personal liability for a mortgage debt but generally not the lien securing a mortgage.

Billing cycle

Typically 30 days, it's the time between two billing statement closing dates (also known as billing period or statement period).

Bond

A type of debt, similar to an IOU, issued by a government, municipality, or corporation. When a bond is purchased, the issuer promises to pay a specified interest rate during the life of the bond and to repay the principal — also known as the face value or par value — when the bond comes due after a specified period.

Borrower

A person or organization that borrows something, especially money from a bank or other financial institution.

Bylaws

Rules governing the internal management of a residential community, such as condos. They must be agreed upon prior to purchase.

Cash to close

Total amount to be paid by the buyer at closing.

Cash-out refinance loans

A mortgage refinancing option that allows you to convert home equity into cash.

Certificate of deposit (CD)

A savings product with a fixed term length and a fixed interest rate.

Certificate of occupancy (if newly constructed home)

A certification that indicates a house is in compliance with building codes and is suitable for occupancy.

Charge-off

To treat as a loss; to designate an amount originally considered an asset as an expense.

Closing costs

Amounts paid in connection with the closing, typically itemized under "Closing Cost Details" on the Closing Disclosure. This generally includes (a) loan-related amounts, such as origination fees, discount points, title exam, lender's title insurance, appraisal fees, and prepaid items such as taxes and insurance escrow payments, and (b) other costs, such as owner's title insurance, real estate agent commissions, inspections and transfer taxes.

Closing date

In real estate, the date on which the documents pertaining to a sale or loan transaction are officially signed.

Closing disclosure

A required five-page form that describes the final details of your mortgage loan, including the loan terms, projected monthly payment, and details of any fees and costs to get your mortgage. The lender is required to provide the disclosure at least 3 days prior to the closing date.

Co-op (cooperative)

Housing in which each member shares in ownership of the whole project with the exclusive right to occupy a specific unit and participate in project operations through the purchase of stock.

Collateral

An asset that a lender can take if you don't repay a loan. In this way, the loan is considered "secured." For example, if you have a home loan, the collateral asset is usually the home itself.

Collections

The efforts a mortgage company takes to collect past-due payments.

Commission income

Income that is earned for services rendered for a specific sale or transaction.

Community Development Financial Institution (CDFI)

A specialized and certified organization that provides financial services in low-income communities and to individuals without access to financing.

Condo dues

Payments required from condo unit owners (typically paid monthly) to cover the community operating costs and contributions to the reserve fund. These fees are not included in mortgage payments and are paid directly to the condo/homeowners association. The specific purposes of the fees vary for different communities (also known as association dues).

Condo special assessments

Special levies (charges) against individual unit owners in a condo project to cover the homeowners association’s expenses and/or to repair, replace, maintain, improve, or operate the common areas. These charges are in addition to the regular recurring common fees.

Condominium (condo)

A form of homeownership that combines individual ownership of a unit with shared ownership of common facilities. Each owner pays a recurring fee that covers their share of the cost to repair and maintain the common facilities.

Consumer Financial Protection Bureau (CFPB)

A U.S. government agency dedicated to ensuring fair treatment of consumers by banks, lenders, and other financial institutions.

Conventional financing

Mortgage financing that is **not** insured or guaranteed by a government agency, such as the Federal Housing Administration, Department of Veteran Affairs, or Department of Agriculture.

Convertible ARM

An adjustable-rate mortgage loan that can be converted into a fixed-rate mortgage during a certain time period.

Cosigner

A person who agrees to pay back a loan if the borrower does not. Usually, the cosigner has a higher credit score than the borrower, making the borrower eligible for a larger loan than they could qualify for on their own.

Credit

The ability to borrow money with the understanding that it must be repaid. "Credit" may also refer to the amount of money that is lent.

Credit bureau

A company that collects credit information about individuals, generates credit reports and credit scores, and provides this information to creditors who subscribe to their services.

Credit counselor

An individual or organization that advises on financial and credit matters, including budgets and money management strategies.

Credit history

A record of your credit accounts and history of payments as shown in your credit report, created by each of the three major credit reporting bureaus.

Credit limit

The maximum amount someone is allowed to charge to a credit card or that is available to borrow under a line of credit.

Credit report

A statement with information about your past and current credit activity, including loan/account payment history and the status of your credit accounts.

Credit score

A numerical score intended to predict how likely you are to pay back a loan on time. Credit bureaus generate this number with a mathematical formula (called a scoring model) using the information from your credit report — including your payment history, the types of accounts you've opened, and more. Different bureaus use different scoring models, so you may have multiple credit scores.

Credit utilization ratio

The amount of credit a person has available to use, compared with the amount they have used.

Curb appeal

The overall external attractiveness of a house or other property to a prospective buyer as if seen from the street (or curb).

Debt-to-income (DTI)

A calculation used by mortgage companies when qualifying borrowers for a mortgage. It is calculated by dividing your monthly debt payments by your gross monthly income.

Deductible

The total amount of expenses an insured person must pay before the insurance company contributes towards the covered item. For example, a health insurance deductible of $1,000 means you must pay directly for all covered health care services up to a maximum of $1,000 before the insurance plan begins to pay.

Deed

A legal document indicating or transferring property ownership.

Deed-in-lieu of foreclosure

See Mortgage Release™.

Default

Failure to meet the terms of a loan agreement, usually the result of not making payments on time (being "in default").

Deferred payments

Payments that are authorized to be postponed as part of a process with a lender to avoid foreclosure.

Deficiency balance

The monetary difference between what a foreclosed home sells for and the remaining mortgage balance. The mortgage company may require a borrower to pay the amount of the deficiency balance.

Delinquency

Failure to make a payment when it is due. A loan is generally considered delinquent when it is 30 or more days past due.

Department of Veterans Affairs (VA)

A government agency that runs programs benefiting veterans and members of their families. Programs include education opportunities, rehabilitation services, compensation payments for disabilities or death related to military service, home loan guaranties, pensions, burials, and health care.

Depreciation

A presumed decrease in the value of a property over time, as a result of physical wear or economic loss of utility.

Discount point

Fees paid to a mortgage lender upfront to reduce the interest rate of a loan. Generally, the cost of one point is equal to 1% of your total loan amount.

Discretionary spending

Money spent by a household or business that is not for essential expenses.

Down payment

The amount of cash a borrower pays upfront to buy a home; it goes toward the purchase price with mortgage loans typically used to finance the remaining amount. Down payment does not cover closing costs.

Earnest money (good faith deposit)

A deposit provided by a buyer to a seller to demonstrate seriousness about buying a home. Usually a percentage of the offer price, the amount is applied to the purchase once the sales contract is finalized (also known as a "good faith deposit").

Earthquake insurance

Insurance covering certain damages caused by an earthquake.

eClosing

The act of closing a mortgage loan electronically. This occurs through a secure digital environment where some or all of the closing documents are accessed, reviewed, and executed electronically. It may also include some physically signed printed documents. EClosings result in eMortgages only if the promissory note is signed electronically.

Emergency fund

A cash reserve set aside for unplanned expenses or financial emergencies like car repairs or medical bills.

eMortgage

The use of electronic processes and signatures in the mortgage production process, including the electronic signing of closing documents paired with an original electronic promissory note (eNote) signed on an eClosing platform and registered with the MERS eRegistry® upon execution (also known as an “electronic mortgage” or an “eMortgage loan”).

Equity

The amount your property is currently worth minus the amount of any existing mortgage on your property.

Escrow

An account set up by your mortgage lender to pay certain property-related expenses, like property taxes and homeowners insurance. A portion of your monthly payment goes into the account. If your mortgage doesn’t have an escrow account, you pay the property-related expenses directly.

Escrow analysis

A periodic review of escrow accounts to make sure that there are sufficient funds to pay the taxes and insurance on a home when they are due.

Fair Credit Reporting Act (FCRA)

A federal law that gives consumers rights to their credit files, such as the right to know what's in them, the right to dispute inaccurate information, and the right to know if information in the files has been used against them.

Fannie Mae-owned mortgage

A conventional mortgage loan that is guaranteed by Fannie Mae. (See also conventional loan.)

Farmers Home Administration (FmHA)

A former agency of the Department of Agriculture that provided loans and grants to eligible recipients in rural areas.

Federal Housing Administration (FHA)

A government agency that provides mortgage insurance on loans made by FHA-approved lenders throughout the U.S. and its territories. This includes mortgages for single-family, multifamily, and manufactured homes as well as hospitals.

FHA mortgage

Loan from a private lender that is regulated and insured by the Federal Housing Administration (FHA). These loans differ from conventional loans in that they allow for lower credit scores and lower down payments.

First mortgage/first lien

A lien corresponding to a real estate loan that is considered the primary lien against a property.

Fixed-rate mortgage (FRM)

A mortgage loan in which the interest rate remains the same (i.e., fixed) for the life of the loan.

Flood insurance

Insurance covering flood-related damage to the structure and/or contents of their property.

Forbearance

An agreement to temporarily suspend or reduce monthly mortgage payments for a specific period of time. A forbearance is usually granted by a mortgage company when a homeowner experiences a short-term or temporary hardship. After forbearance, the homeowner must make satisfactory arrangements to bring the mortgage loan up to date.

Foreclosure

The legal process by which a property may be sold and the proceeds of the sale applied to the mortgage debt. A foreclosure occurs when the loan becomes delinquent because of missed payments or when the homeowner is in default for a reason other than the failure to make timely mortgage payments.

Foreclosure prevention

Steps by which a mortgage company works with the homeowner to find a permanent solution to resolve an existing or impending loan delinquency.

Government-guaranteed loan

A loan guaranteed by either the Federal Housing Administration (FHA) or Department of Veterans Affairs (VA).

Grant

Financial aid (often need-based) that does not need to be repaid as long as certain conditions are met.

Hardship

A hardship is the reason a homeowner is having trouble making their mortgage payments, such as a job loss, medical emergency or illness, divorce, etc. A hardship may be short term (less than 6 months) or long term (more than 6 months).

Hazard insurance

Insurance coverage that pays for the loss or damage on a person’s home or property (due to fire, natural disasters, etc.).

Highest interest rate method

A debt reduction strategy that focuses on paying off debts with the highest interest rates first.

HO-6 insurance

Condo unit owner’s property insurance covering the unit interior. Condo buyers may be required or choose to purchase an HO-6 policy to obtain mortgage financing. (See also master insurance.)

Home appraisal

A written estimate or opinion of a property's value prepared by a qualified appraiser.

Home equity line of credit

A way a homeowner can borrow money, using their equity or assets in the home as collateral.

Home equity loan (HEL)

A loan using your equity in your home as collateral.

Home inspection

An examination of a property by a qualified home inspector, often including testing of structural and mechanical systems like heating, ventilation, air conditioning, and electrical. A home inspection is usually part of the homebuying process.

Home purchase price

The final selling price of a home.

Homeowners association (HOA) dues

Payments required from homeowners in a specific neighborhood or community (typically paid monthly) to cover the community operating costs and contributions to the reserve fund. These fees are not included in mortgage payments and are paid directly to the homeowners association. The specific purposes of the fees vary for different communities (also known as HOA dues).

Homeowners insurance

Insurance that covers a home's structure and the personal belongings inside in the event of loss or theft (helps pay for repairs and replacement).

Household

All persons living in a dwelling as their principal residence, except for live in aides, foster children, and foster adults.

Housing counselor

A HUD-approved housing counselor is an experienced, trained professional who can provide guidance on avoiding foreclosure, buying a home, managing credit, and other issues. The U.S. Department of Housing and Urban Development (HUD) sponsors housing counseling agencies throughout the country, and counseling is available in many languages.

Housing Finance Agency (HFA)

A state or local agency responsible for financing and preserving low- and moderate-income housing within a locality.

HUD (Department of Housing and Urban Development)

A government agency that helps people get and maintain quality affordable housing. HUD-approved housing counseling agencies provide homebuyer counseling to help you understand the process.

Income tax

Federal, state, and/or local taxes on income of any kind, including earned (salaries, wages, tips, commissions) and unearned (interest, dividends). Some states and localities do not have income taxes.

Inflation

The price increase of goods and services over time.

Initial escrow disclosure

Document required by federal law when creating an escrow account. This disclosure accounts for financial obligations that extend beyond the loan itself, such as real estate taxes as well as mortgage and homeowners insurance premiums.

Insurance claim

Notice to an insurer that under the terms of a policy, a loss may be covered.

Insurance premium

The amount of money an insurance company charges for insurance coverage.

Interest rate

A percentage of the total amount borrowed that is paid as a fee to a lender for a loan. (This may also refer to the percentage of deposited money paid as interest by a bank or credit union to certain account holders.)

Interest rate (mortgage)

The percentage of the principal amount that must be paid each year to borrow the money for a mortgage loan. It does not reflect fees or any other charges associated with the loan.

Interest-only mortgage

A mortgage where the homeowner pays only the interest on the loan for a specified amount of time.

Investment property

A property not considered a primary residence that is purchased by an investor to generate income, resell for profit, or gain tax benefits.

Lender

An organization or person that lends money with the expectation that it will be repaid, usually with interest.

Lenders title insurance

Insurance protecting a lender against problems with the title to a property, such as someone else having a legal claim against the home.

Lien

A legal claim of a creditor on the property of another as security for a debt.

Loan administration (servicing)

A mortgage banking function that includes the receipt of payments, customer service, escrow administration, investor accounting, collections, and foreclosures (also known as "loan servicing").

Loan application

The submission of a borrower's financial information in anticipation of a loan decision. An application may be submitted in writing or electronically.

Loan estimate

A form containing important loan information, including the estimated interest rate, monthly payment, and total closing costs for the loan as well as estimated costs for taxes and insurance. It must be provided by the lender within three business days of receiving your mortgage application.

Loan-to-value (LTV)

A calculation frequently used by mortgage companies when qualifying borrowers for a mortgage. It is calculated by dividing the mortgage balance by a home's current market value.

Loss mitigation

When a homeowner and a mortgage company are working together to determine the appropriate option/workout solution to bring a mortgage current and avoid foreclosure.

Manufactured home (MH)

A dwelling (at least 12 feet wide and at least 400 square feet total), constructed according to the HUD code for manufactured housing, which is built on a permanent frame, installed on a permanent foundation system, and titled as real estate.

Master insurance

An insurance policy purchased by a condo or homeowners association to provide coverage for the building's exteriors and common areas. Costs are paid by the condo owners through condo fees. (See also HO-6 insurance.)

Minimum payment

The smallest amount that a borrower can pay on their credit account each month to remain in good standing with their creditor.

Modification

Any change to the terms of a mortgage loan, such as extending the number of years you have to repay the loan, reducing your interest rate, and/or reducing your principal balance. A modification can reduce your monthly payment to an amount you can afford.

Mortgage

A legal document that pledges property to the mortgage company as security for the repayment of the loan. The term is also used to refer to the loan itself (also known as a "mortgage lien" or "deed of trust").

Mortgage company

A company that can originate (i.e., lends) a mortgage loan or service a loan. The company that originates a mortgage may or may not service it. Servicing includes collecting mortgage payments, delivering periodic statements, paying taxes and insurance, managing escrow accounts, and providing customer service.

Mortgage insurance (MI)

Insurance that protects the mortgage company against losses caused by a homeowner's default on a mortgage loan. Mortgage insurance (MI) is typically required if a homeowner's down payment is less than 20% of the purchase price.

Mortgage interest

The amount a lender charges to a borrower for money to buy or refinance a home.

Mortgage note (or promissory note)

The legal document that specifies the loan terms, including the loan amount, interest rate, and duration. It also represents a commitment to pay the money back (also known as a "promissory note").

Mortgage payment

The amount paid each month toward the balance of a mortgage loan. Each payment typically includes principal, interest, taxes, and insurance.

Mortgage Release™ (deed-in-lieu of foreclosure)

A transfer of title from a homeowner to the mortgage company to satisfy the mortgage debt and avoid foreclosure (also known as a "deed-in-lieu of foreclosure" or a "voluntary conveyance").

Mortgage servicer

The company that sends your mortgage statements, collects payments, and handles the day-to-day tasks for managing your loan.

Mutual funds

Offerings by companies that invest pooled money from many shareholder investors in securities, such as stocks, bonds, and short-term debt.

Negative amortization

The process of paying off a loan with regular payments that are less than the amount of interest accrued over the same period — therefore the total amount you owe continues to increase with each payment. (See also amortization.)

Origination fee

A fee that the borrower pays the lender for making the mortgage loan. This fee may include processing the application, underwriting and funding the loan, and other administrative services.

Overdraft fee

A fee charged by a bank when the account holder doesn't have enough money in an account to cover a transaction, but the bank pays the transaction anyway.

Owner occupancy

Refers to individual residences being occupied by their owners (not rented out by the owner).

Owner's title insurance

Insurance protecting the homeowner against problems with the title to a property, such as someone else having a legal claim against the home before the homeowner purchased it.

Payment deferral

An agreement with a mortgage company to shift any past-due balance to the end of the loan term without changing the current monthly payment.

Pension plan

An employee benefit plan established or maintained by an employer or employee organization (e.g., union) that provides retirement income or defers income until termination of covered employment or beyond.

Planned unit development (PUD)

A single-family residence located in a community with association dues and other required monthly payments.

Points

Fees a borrower pays to a mortgage lender to reduce the interest rate of their loan. Generally, one point is equal to 1% of the total loan amount.

Pre-approval

The process by which a lender provides a potential borrower with the amount they can finance and the potential interest rate. This involves completing a mortgage application and providing the lender with your income documentation and personal records. It may also include a rough estimate of the monthly payment amount. (Compare with "pre-qualification.")

Pre-qualification

The process by which a lender provides a potential borrower with the loan amount they are likely to qualify for. Typically offered quickly and at no cost, pre-qualification can give a general idea of a borrower's financing options but is not official until they are pre-approved. (See entry for "pre-approval.")

Prepayment penalty

A fee some lenders charge if you pay off all or part of your mortgage early. Not all mortgages have a prepayment penalty.

Principal

The amount a person borrows from a lender, not including interest (also referred to as the “amount financed”).

Principal residence

The home physically occupied by the owner for the majority of the year and the address of record for such activities as federal income tax reporting and voter registration.

Private mortgage insurance (PMI)

Insurance paid for by a buyer that protects the lender (not the buyer) if mortgage payments stop. It may be required if your down payment is less than 20% of the home purchase price.

Property taxes

The amount owners pay to the city/municipality and sometimes county, based on the value of their property.

Public housing authority

A public agency created by a state or local government to finance or operate low-income housing.

Rate cap

For an adjustable-rate mortgage (ARM), a limit that controls how much your interest rate can adjust.

Real estate

Physical land and structures attached to the land.

Real estate agent

An individual who has a professional real estate license to help people buy, sell, or rent housing and real estate.

Refinance

Replacing an existing mortgage with a new loan that has new terms, interest rates, and/or monthly payments.

Repayment plan

An agreement for a homeowner to pay down past-due amounts on a mortgage over a specified time period while still making regular monthly payments.

Replacement reserve fund

A fund set aside for replacement of common property in a condo community. The amount of the fund is typically determined by periodic reserve studies conducted by professional reserve analysts.

Revolving charge account

A revolving charge account refers to a credit arrangement that requires the borrower to make periodic payments but does not require full repayment by a specified point of time.

Roth IRA

A tax-advantaged personal savings plan for which contributions are not deductible, but qualified distributions may be tax-free.

Sale with equity

Selling a home in which you have equity allows you to pay off your mortgage and keep the remaining amount after paying closing costs. (See also equity.)

Second lien/second mortgage

A second mortgage is a loan taken out using your home as collateral while you still have another loan secured by the same home (also known as a junior lien).

Secured card

A credit card that typically requires a cash security deposit, which determines the credit limit. Secured cards are often used to build credit history.

Severance pay

A payment granted to employees by their employer upon termination of employment.

Short sale

Selling a home for a price that is less than what is owed on the mortgage. The process is often arranged between a mortgage company and a delinquent homeowner to avoid foreclosure (also known as "preforeclosure").

Snowball method

A debt reduction strategy that focuses on paying off your smallest debt first and then putting additional money toward paying off your next smallest debt until all of your accounts are paid off.

Survey fee

A fee paid for a survey of a property — a technical drawing showing the location of the lot, the house, and any other structures, as well as any improvements on the property.

Tangled title

A Pennsylvania-specific term for a situation where a person lives in a home they own or have a claim to own but their name is not on the deed. Most often, tangled titles happen when a homeowner dies without a will and one or more family members continue to live in the home without taking action to put the deed in their name (an example of a "cloud on title," "clouded title" or a "break-in-chain of title"). Tangled titles can also arise under rent-to-own arrangements or result from deed theft.

Term

A certain period of time for which something lasts or is intended to last (for example, a five-year loan, a three-year certificate of deposit, a one-year insurance policy, a 30-year mortgage).

Title

The documented evidence that a person or organization has ownership of real property.

Title company

An agency that works with all parties involved in a real estate transaction to research, verify, and insure the title of the home being bought; facilitate the loan closing; and ensure that the transfer of ownership is completed and recorded properly.

Title insurance

Insurance through a title company to protect a property owner or lender from loss if the title turns out to be imperfect.

Title search

A process whereby the title company retrieves and examines public records that document the history of a property to confirm its legal ownership.

Townhome

A home that has two or three levels and is attached to a similar house by a shared wall (also known as a "townhouse").

Underwriting

In mortgage banking, the analysis to determine whether the risk of making a loan to a particular borrower is acceptable to the lender. This involves the evaluation of the property as outlined in the appraisal report and the borrower's ability and willingness to repay the loan.

Underwriting fee

A fee that the borrower pays the lender for underwriting — the lender's analysis of risk involved in making a mortgage loan to determine whether the risk is acceptable.

Unsecured credit card

A credit card with no security deposit required.

Voluntary conveyance

The transfer of the title from a homeowner to the mortgage company to satisfy the mortgage debt and avoid foreclosure (also called a deed-in-lieu of foreclosure).

Workout

Options to resolve or restructure a loan or prevent someone from going into foreclosure.