

Glossary of Terms - Borrower & Loan Participants

Agency	Term	Definition
FHA	Active Duty	Refers to a status where a person has a full-time military occupation.
FHA	Affiliate	A contractor, agent, vendor, sub-servicer, or Sponsored Third-Party Originator (TPO) who participates in FHA programs on behalf of an FHA-approved Mortgagee
FHA	Arm's Length PFS Transaction	An Arm's Length Pre-Foreclosure Sale (PFS) Transaction is between two unrelated parties that is characterized by a selling price and other conditions that would prevail in an open market environment and without hidden terms or special understandings existing between any of the parties (e.g., buyer, seller, Appraiser, sales agent, closing agent, and Mortgagee).
FHA	Arm's Length Transaction	An Arm's Length Transaction refers to a transaction between unrelated parties who are each acting in their own best interest.
FHA & VA	Asylee Residence Status	An Asylee Residence Status Borrower residing in the U.S. by virtue of refugee or asylee status granted by the USCIS is automatically eligible to work in this country.
FHA	Authorized Third Parties	Authorized Third Parties are parties who are not Borrowers on the Mortgage but who are authorized to communicate with Mortgagees regarding a Mortgage.
FHA	Boarder	Refers to an individual renting space inside the Borrower's Dwelling Unit.
FHA	Borrower	Refers to each and every applicant on the mortgage application. The term Borrower does not include a Cosigner. For the purposes of servicing the Mortgage, Borrower refers to the original Borrower who signs the Note and their heirs, executors, administrators, assigns, and approved Substitute Borrowers.
FHA	Business Relationship	Refers to an association between individuals or companies entered into for commercial purposes.
FHA	Co-Signer	Refers to a third party to a debt that provides a guarantee that a debt will be repaid.
FHA	Employment Authorization Document (EAD)	Refers to the form provided by the U.S. Citizenship and Immigration Services (USCIS) that proves an individual is allowed to work in the United States for a specific period of time.

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FHA	Excluded Parties	Refer to business parties that have been suspended and/or debarred from further participation in HUD and other federal government programs due to unethical business practice.
FHA	Family Member	<p>Family Member is defined as follows, regardless of actual or perceived sexual orientation, gender identity, or legal marital status:</p> <ul style="list-style-type: none"> • child, parent, or grandparent <ul style="list-style-type: none"> ◦ a child is defined as a son, stepson, daughter, or stepdaughter ◦ a parent or grandparent includes a step-parent/grandparent or foster parent/grandparent • spouse or domestic partner • legally adopted son or daughter, including a child who is placed with the Borrower by an authorized agency for legal adoption • foster child • brother, stepbrother • sister, stepsister • uncle • aunt • son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law of the Borrower.
FHA	Government Mortgagee	A federal, state, or municipal governmental agency, a Federal Reserve Bank, a Federal Home Loan Bank, the Federal Home Loan Mortgage Corporation (FHLMC, or Freddie Mac), or the Federal National Mortgage Association (FNMA, or Fannie Mae).
FHA	Governmental Entity	Any federal, state, or local government agency or instrumentality. To be considered an instrumentality of the government, the Entity must be established by a governmental body or with governmental approval or under special law to serve a particular public purpose or designated by law (statue or court opinion). HUD deems Section 115 Entities to be instrumentalities of government for the purpose of providing secondary financing.
FHA	Interested Parties	Refers to sellers, real estate agents, builders, developers or other parties with an interest in the transaction.
FHA	Interested Party Contribution	Refers to a payment by an Interested Party, or combination of parties, toward the Borrower's origination fees, other closing costs and discount points.
FHA	Non-Borrowing Spouse Debt	Refers to debts owed by a spouse that are not owed by, or in the name of the Borrower.
FHA	Non-Occupant Borrower	A Borrower on a Mortgage securing a Property that is not occupied by any Borrower.

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FHA	Non-Occupying Borrower Transaction	Refers to a transaction involving two or more Borrowers in which one or more of the Borrower(s) will not occupy the Property as their Principal Residence.
Conventional	Borrower	The person to whom credit is extended. On a mortgage loan, the person who has an ownership interest in the security property, signs the security instrument, and signs the mortgage/deed of trust note (if his or her credit is used for qualifying purposes). See also co-borrower
Conventional	Co-Borrower	For Fannie Mae's purposes, this term is used to describe any borrower other than the first borrower whose name appears on the mortgage note, even when that person owns the property jointly with the first borrower (and is jointly and severally liable for the note).
Conventional	Domestic Partner	An unrelated individual who shares, and intends to continue sharing, a committed relationship with a borrower who signs the note.
Conventional	Electronic Signature	An electronic sound, symbol, or process, attached to or logically associated with, a contract or other record executed or adopted by a person with the intent to sign the record.
Conventional	First Time Home Buyer	An individual is to be considered a first-time home buyer who (1) is purchasing the security property; (2) will reside in the security property as a principal residence; and (3) had no ownership interest (sole or joint) in a residential property during the three-year period preceding the date of the purchase of the security property. In addition, an individual who is a displaced homemaker or single parent also will be considered a first-time home buyer if he or she had no ownership interest in a principal residence (other than a joint ownership interest with a spouse) during the preceding three-year time period. Clarification: A person owning land with no dwelling on it is considered a first time homebuyer.
Conventional	Inter Vivos Revocable Trust	A trust that an individual creates during his or her lifetime that becomes effective during his or her lifetime, but which can be changed or canceled at any time for any reason during its creator's lifetime
Conventional	Relative	The borrower's spouse, child, or other dependent or any other individual who is related to the borrower by blood, marriage, adoption, or legal guardianship.
USDA	Applicant	An adult member of the household who will be responsible for repayment of the loan and is applying to a lender for a guaranteed loan.

Agency	Term	Definition
USDA	Approved Lender	A financial institution that meets the requirements to participate in the Single Family Guaranteed Rural Housing program
USDA	ARM's Length Transaction	A proceeding where the agents involved deal completely with each other as strangers and do not collude.
USDA	Borrower	An individual obligated to repay the loan guaranteed under the Guaranteed Rural Housing loan program
USDA	Community Land Trust	A private nonprofit community housing development organization that is established to acquire parcels of land, held in perpetuity, primarily for conveyance under long-term ground leases. See § 502(a)(3)(b) of the Housing Act of 1949, as amended
USDA	Co-Signer	One who agrees to assume a debt obligation if the principal borrower defaults on mortgage payments. A co-signer assumes only personal liability and has no ownership interest in the property; his or her income and obligations are used in the underwriting process to reinforce the credit of the principal borrower
USDA	Custodian	The custodian is an institution that verifies and maintains the original Notes and assignments of security instruments, which includes either a third-party custodian or a holding lender acting as its own custodian
USDA	Defendant	Any person or entity that is being sued

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USDA	Elderly Family	<p>An elderly family consists of one of the following:</p> <p>A. A person who is the head, spouse, or sole member of a family and who is 62 years of age or older, or who is disabled, and is an applicant or borrower;</p> <p>or</p> <p>B. Two or more persons who are living together , at least one of whom is age 62 or older, or disabled, and who is an applicant or borrower; or</p> <p>C. In the case of a family where the deceased borrower or spouse was at least 62 years old or disabled, surviving household members shall continue to be classified as an elderly family for the purpose of determining adjusted income, even though the surviving members may not meet the definition of elderly family on their own, provided:</p> <ol style="list-style-type: none"> 1. They occupied the dwelling with the deceased family member at the time of the death; 2. If one of the surviving family members is the spouse of the deceased family member, the family shall be classified as an elderly family only until the remarriage of the surviving spouse; and 3. At the time of the death of the deceased family member, the dwelling was financed under title V of the Housing Act of 1949.
USDA	First Time Homebuyers	<p>A preference extended to households where the applicant meets one of the following criteria:</p> <p>A. No ownership interest in a principal residence during the three-year period ending on the date of loan closing; or</p> <p>B. A displaced homemaker or single parent who, except for owning with a spouse, had no ownership interest in a principal residence during the three year period ending on the date of loan closing. Displaced homemakers include any individual who is:</p> <ol style="list-style-type: none"> (i) An adult; (ii) Unemployed or underemployed; (iii) Experiencing difficulty in obtaining or upgrading employment; and (iv) In recent years has worked primarily without remuneration to care for the home and family, but has not worked full-time, full-year in the labor force. <p>C. An individual who is a single parent and who, except for owning a home with a spouse, has had no ownership interest in a principal residence during the three-year period ending on the date of loan closing. Single parents include any individual who is:</p> <ol style="list-style-type: none"> (i) Unmarried or legally separated; and (ii) Has custody or joint custody of one or more children, or is pregnant.

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USDA	Full-Time Student	A person who carries at least the minimum number of credit hours considered to be full-time by the college or vocational school in which the person is enrolled.
USDA	Government Sponsored Enterprises (GSE)	Privately held corporations with public purposes created by the U.S. Congress to reduce the cost of capital for certain borrowing sectors of the economy such as students, farmers, and homeowners. GSEs carry the implicit backing of the U.S. Government, but they are not direct obligations of the U.S. Government. Examples of GSEs include: Federal Home Loan Bank, Fannie Mae, Freddie Mac, Federal Farm Credit Bank, Resolution Funding Corporation and The Student Loan Marketing Association.
USDA	Holder in Due Course	A term that describes a person or other legal entity (such as a financial institution) that "holds" or owns a negotiable instrument (usually a check or promissory note) but is not the original payee of the instrument. As such, the "holder" may not be subject to some claims or defenses that might be raised against the original payee by the maker of the instrument (such as the borrower).
USDA	Household	All persons routinely living in the dwelling as principal residence, except for live-in aides, foster children, and foster adults
USDA	Investor	Any person or institution that invests in mortgages or mortgage-backed securities. (18-3)
USDA	Leasehold Estates	A kind of real estate ownership through which the property owner doesn't hold title to the property, but instead has use of the property subject to the terms of the lease.
USDA	Legal Alien	For the purposes of these programs, legal alien refers to any person lawfully admitted to the country who meets the criteria in Section 214 of the Housing and Community Development Act of 1980, as amended, 42 U.S.C. 1436a.

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USDA	Lender	<p>For Rural Development SFHGLP purposes there are four main categories; submitting lender, originating lender, holding lender, and servicing lender.</p> <p>Submitting lender. A submitting lender is one that has not been approved as a participating lender in the GRH program. The FHA calls these lenders “correspondents” and in the industry they are also known as mortgage brokers. Brokers or correspondents may submit GRH loan packages, but the loans must be underwritten by an approved originating or participating Lender.</p> <p>Originating lender (aka participating lender). This is a lender that has been approved as a participating lender in the GRH program. They are authorized to originate and close GRH loans. The FHA calls these “supervised lenders” (those regulated by a Federal entity like the Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency (OCC), the National Credit Union Administration (NCUA), the Office of Thrift Supervision (OTS) or the Federal Reserve Banks (FRB) and "un-supervised lenders" (those not regulated by a Federal entity but still qualified to originate loans for FHA).</p> <p>Holding lender. A holding lender or holder is an approved lender that has originated or purchased GRH loans and “holds” or owns the promissory note. The holder is entitled to the income stream from the mortgage payments. The holder may service the loans they hold or own, or elect to sell the servicing rights to a servicing lender. The servicing lender pays the holder as mortgage payments are received or when foreclosed property has been sold.</p> <p>Servicing lender. A servicing lender or servicer does not originate loans, but purchases the servicing rights to them from a holder. A servicer receives and applies payments, administers tax and insurance escrows, deploys collection efforts against a delinquent borrower, and liquidates defaulted loans and acquired collateral. Depending upon the servicing contract, a servicing lender or the holder may ultimately submit the loss claim to the Agency. A servicing lender may or may not “hold” or own the note</p>
USDA	Live-in Aide	<p>A person who:</p> <ol style="list-style-type: none"> (1) lives with an elderly person or a person with a disability and (2) is essential to that person’s care and well-being, and (3) is not obligated for the person’s support, and (4) would not be living in the unit except to provide the support services

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USDA	Loan Approval Official	An Agency employee who has the authority to approve loans. Unless otherwise indicated, each State Director may determine which approval actions may be made by the Loan Approval Official, and which must come to the State Office for approval.
USDA	Mortgage Asset Research Institute, Inc (MARI)	The firm that manages the Mortgage Industry Data Exchange (MIDEX), an online database of public disciplinary, enforcement and legal actions, and non-public information about incidents involving alleged fraud, material misrepresentation and serious misconduct reported by mortgage industry participants
USDA	Mortgage Banker	A firm that conducts mortgage lending activities from its own funds. Newly formed mortgages are sold to investors in the secondary market, providing funds for subsequent lending.
USDA	Mortgage Bankers Association (MBA)	MBA is the primary trade association representing the real estate finance industry, representing their legislative and regulatory interests before Congress and federal agencies; meeting educational needs through programs, periodicals and publications; and supporting their business interests with a variety of research initiatives and other products and services.
USDA	Mortgage Broker	An independent mortgage originator who is not an employee of a mortgage lender, bank, thrift, finance company or credit union
USDA	Mortgage Electronic Registration System, Inc. (MERS)	A cooperative undertaking by and for the entire mortgage industry, the system is an electronic registry specifically created for tracking the ownership of individual mortgages, servicing rights and security interests and used by MERS members.
USDA	Mortgagee	The lender in a mortgage transaction
USDA	MortgageServ	The mainframe-based computer application that is used by the Field Office to electronically communicate with, and transmit information to CSC, and by CSC to service and track a borrower's loan.
USDA	Mortgagor	The borrower in a mortgage transaction who pledges property as a security for the debt
USDA	National Appeals Division (NAD)	The organization within the United States Department of Agriculture that is responsible for the Department's administrative appeals procedures which must be followed by participants who desire to appeal an adverse decision made by the Agency.
USDA	National Credit Union Share Insurance Fund (NCUSIF)	An NCUSIF-insured depository is a depository institution whose deposits are insured by the NCUSIF.

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USDA	National Office	The headquarters of the Agency located in Washington, DC where the Administrator's office and the national policy-making staff are located.
USDA	Office of Management and Budget (OMB)	In the Executive Office of the President, OMB's mission is to assist the President in overseeing the preparation of the federal budget and to supervise its administration in Executive Branch agencies. In helping to formulate the President's spending plans, OMB evaluates the effectiveness of agency programs, policies, and procedures, assesses competing funding demands among agencies, and sets funding priorities. OMB ensures that agency reports, rules, testimony, and proposed legislation are consistent with the President's Budget and Administration policies.
USDA	Office of Thrift Supervision (OTS)	The successor thrift regulator to the Federal Home Loan Bank Board (FHLBB) and a division within the Treasury Department. The OTS is responsible for the examination and regulation of Federally chartered and State chartered savings associations.
USDA	Office of the General Counsel	The Office of the General Counsel (OGC) is an independent legal agency within the U. S. Department of Agriculture (USDA). OGC provides legal advice and services to the Secretary of Agriculture and to all other officials and agencies of the Department with respect to all USDA programs and activities. All legal services are centralized within OGC and the General Counsel reports directly to the Secretary.
USDA	Office of the Inspector General	The Office of Inspector General was legislatively established in 1978 with the enactment of the Inspector General Act (Public Law 95-452). The act requires the Inspector General to independently and objectively: <ul style="list-style-type: none"> • Perform audits and investigations of the Department's programs and operations; • Work with the Department's management team in activities that promote economy, efficiency, and effectiveness or that prevent and detect fraud and abuse in programs and operations, both within USDA and in non-Federal entities that receive USDA assistance; • Report OIG activities to the Secretary and the U.S. Congress semiannually as of March 31 and September 30 each year
USDA	Person with a disability	Any person who has a physical or mental impairment that substantially limits on or more major life activities, including functions such as caring for one's self, performing manual tasks, walking, seeing, hearing, speaking, breathing, learning and working; has a record of such an impairment; or is regarded as having such an impairment

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USDA	Plaintiff	Any person who has a physical or mental impairment that substantially limits on or more major life activities, including functions such as caring for one's self, performing manual tasks, walking, seeing, hearing, speaking, breathing, learning and working; has a record of such an impairment; or is regarded as having such an impairment.
USDA	Power of Attorney (POA)	A written statement identifying a person as the agent for another with powers stated in the document. Full power may be granted, or the authority may be limited to certain functions, such as making deposits and withdrawals from a checking account. The statement must be executed before a notary and the signature of the agent is then placed on file with the bank
USDA	Program- Eligible Applicant	Any applicant meeting the eligibility requirements of the guaranteed program
USDA	Public Housing Authority (PHA)	A public agency created by a State or local government to finance or operate low-income housing.

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USDA	Qualified Alien	<p>A qualified alien is defined under PRWORA (8 U.S.C. Section 1641) as:</p> <ol style="list-style-type: none"> 1. An alien who is lawfully admitted for permanent residence under the Immigration and Nationality Act (INA); or 2. An alien who is granted asylum under section 208 of such Act; or 3. A refugee who is admitted to the United States under section 207 of such Act; or 4. An alien who is paroled into the United States under section 212(d)(5) of such Act for a period of at least 1 year; or 5. An alien whose deportation is being withheld under section 243(h) of such Act; or 6. An alien who is granted conditional entry pursuant to section 203(a)(7) of such Act as in effect prior to April 1, 1980; or 7. An alien who is a Cuban/Haitian Entrant as defined by section 501(e) of the Refugee Education Assistance Act of 1980; or 8. An alien who has been battered or subjected to extreme cruelty under section 431 of the Immigration and Nationality Act. <p>In addition to the categories of qualified aliens described above, Native Americans born in Canada may also be eligible as lawfully admitted for permanent residence. They might not possess any of the documentation described above, and the Agency might not be able to verify their status through Systematic Alien Verification for Entitlements (SAVE) Program. SAVE is a program the Agency has access through a "Memorandum of Agreement" with the Department of Homeland Security (DHS). To establish the applicant(s) is a qualified alien, the Native American should provide all of the documentation listed below, as described in the Wabanaki Legal News at http://www.ptla.org/wabanaki/jaytreaty.htm.</p> <ul style="list-style-type: none"> • A letter from their Native American tribe stating that the alien has at least 50 percent Native American or Aboriginal blood (also referred to as the blood quantum); • Their Canadian "Certificate of Indian Status Card" with a red stripe along the top; • Their birth certificate; • If an Haudenosaunee, their Red I.D. Card; • If an Inuit, an Inuit enrollment card from one of the regional Inuit lands claim agreements; • Their Social Security Card issued by the U.S. Social Security Administration; • Their Canadian or U.S. driver license.

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USDA	Resolution Trust Corporation (RTC)	An arm of the FDIC responsible for managing and resolving the affairs of insolvent savings and loan associations placed into receivership by the FDIC. This includes the liquidation, operation and sale of thrift institutions.
USDA	State Director	The highest Agency decision making official at the State level.
USDA	Third Party Originator (TPO)	Mortgage broker or correspondent.
USDA	Tribe	Any Federally-recognized tribe, band, pueblo, group, community, or nation of Indians or Alaska natives.
USDA	United States Citizen (US Citizen)	An individual who resides as a U.S. citizen in any of the 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Marinas, the Federated States of Micronesia, the Republic of Palau, or the Republic of the Marshall Islands.
USDA	U.S. Non-Citizen National	An individual who resides as a U.S. citizen in any of the 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Marinas, the Federated States of Micronesia, the Republic of Palau, or the Republic of the Marshall Islands.
USDA	Veteran's Benefits Administration	Within the Department of Veterans Affairs (VA), the Veterans Benefits Administration through the VA Loan Guaranty Service administers the VA Loan Guaranty Program.
USDA	Veteran's Preference	A preference extended to any person applying for a loan or grant under the Section 502 or Section 504 programs who was honorably discharged or released on conditions other than dishonorable conduct from the active forces of the United States Army, Navy, Air Force, Marine Corps, or Coast Guard and who served in active duty during one of the following periods: A. April 6, 1917 through March 31, 1921; B. December 7, 1941 through December 31, 1946; C. June 27, 1950 through January 31, 1955; D. A period of more than 180 days, any part of which occurred after January 31, 1955, but on or before May 7, 1975; or E. During the period beginning August 2, 1990, and ending the date prescribed by Presidential Proclamation or law. F. During any other period as described by Presidential proclamation or law.

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VA	Certificate of Eligibility	This is a formal VA document that delineates what entitlement, if any, a prospective borrower has available. It is the only acceptable method to document entitlement
VA	DD-214	This is an official VA document that explains a veteran's discharge information. Reservists and National Guard members, who don't have a single discharge certificate like the DD-214, should procure their latest annual retirement points summary along with evidence of their honorable service.
VA	Department of Veterans Affairs	A branch of the federal government that oversees issues affecting veterans, including the VA health system, cemeteries and benefits such as the VA Loan.
VA	Entitlement/Bonus Entitlement	Entitlement - The primary entitlement is \$36,000, with a secondary entitlement of \$68,250. Bonus Entitlement - This additional entitlement helps boost the VA guaranty on qualified loans. Borrowers can secure a loan solely with their bonus entitlement, as long as the loan amount is at least \$144,000.
VA	Government Sponsored Enterprises (GSEs)	These are federal financial services corporations, with Fannie Mae and Freddie Mac being the most familiar. Fannie Mae securitizes mortgages in the secondary market. Freddie Mac purchases, pools and sells mortgages to investors.
VA	Power of Attorney	A surrogate with power of attorney can sign contracts and other documents on behalf of an absent service member. Many lenders require a unique power of attorney document.