



**Study Guide
Glossary**

HUD Housing Counselors Training



**U.S. Department of Housing
and Urban Development**

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GLOSSARY

A

ADJUSTABLE RATE MORTGAGE, OR ARM

Adjustable rate mortgages, or ARMs, have an initial interest rate that applies for a defined period of time (typically from one month to 10 years), then adjusts at pre-determined intervals for the life of the loan. Interest rates can increase or decrease when adjusted.

Modules 2.2, 4.1, 5.1, 5.3

ADJUSTED GROSS INCOME

Gross income minus adjustments, or reductions, that one is eligible for, such as deductions for unreimbursed business expenses, tuition and fees, and contributions to certain retirement accounts.

Modules 2.1, 2.2

AFFH

[Affirmatively Furthering Fair Housing \(AFFH\)](#) is a provision of the Fair Housing Act that requires all executive departments and agencies to administer their programs and activities relating to housing and urban development in a manner that affirmatively furthers the purposes of the Fair Housing Act. The law also requires the HUD Secretary to administer all HUD programs in a manner that affirmatively furthers fair housing.

Module 3.2

AFHMP

[Affirmative Fair Housing Marketing Plan](#) is a sample fillable form to create an Affirmative Fair Housing Marketing Plan, or AFHMP, for Multifamily Housing is available in the Resources section.

Module 3.2

AREA MEDIAN INCOME, OR AMI

The midpoint in the family income range for a metropolitan statistical area or for the non-metropolitan parts of a state. Determined annually by HUD, the figure often is used as a basis to stratify incomes into extremely low, very low, low, moderate, and above moderate. Frequently used to determine income eligibility for various housing programs.

Module 2.2

ARREARAGES

The total amount of past due payments owed to a lender from a borrower in mortgage payments or to a landlord from a tenant in rental payments. Also called arrears.

Modules 5.1, 5.2, 6.2

ASSISTANCE ANIMAL

An assistance animal is not considered a pet. It is an animal that works, provides assistance, or performs tasks for the benefit of a person with a disability, or provides emotional support that alleviates one or more identified symptoms or effects of a person's disability. For purposes of reasonable accommodation requests, the Fair Housing Act does not require an assistance animal to be individually trained or certified. According to the ADA, the term "service animal" specifically applies to dogs only, but other animals can be considered *assistance* animals.

Module 3.1

ASSOCIATION DUES

Charged by community or Homeowners Association to pay for repairs, upkeep, landscaping, improvements, and property management.

Modules 1.2, 2.1, 5.1

B

BACK-END RATIO

A rate that calculates a borrower's total monthly debt, including housing and other debt obligations, as a percentage of gross monthly income. Frequently used by lenders to qualify borrowers for a mortgage. Also called a debt-to-income ratio.

Modules 2.1, 4.1, 4.2, 5.1

BALLOON PAYMENTS

An oversize payment due at the end of a mortgage.

Modules 1.4, 4.1

BLOCKBUSTING

To convince, or attempt to convince, a person to sell or rent a dwelling because of the entry, or prospective entry, into the neighborhood of a person or persons of a particular race, color, religion, sex, familial status, national origin, or with a disability.

Module 3.1

C

CASH-FOR-KEYS

An alternative to a legal eviction following foreclosure. The occupant receives cash funds from the servicer in exchange for turning in the keys and vacating the property. Certain conditions apply, such as returning the property in broom-clean condition with all appliances.

Module 5.3

CFPB

The [Consumer Finance Protection Bureau \(CFPB\)](#) regulates the offering and provision of consumer financial products or services under the federal consumer financial laws and educates and empowers consumers to make better informed financial decisions.

Modules 4.1, 5.1

CHATTEL LOAN

Chattel loans are loans that are secured by a movable piece of personal property. Manufactured homes on leased land are typically financed with chattel loans. The manufactured home continues to secure the loan even if it is moved to a new location. Interest rates for chattel loans tend to be higher than interest rates for mortgages.

Modules 2.2, 4.1, 5.2, 5.3

CLOSING COSTS

Fees for final property transfer that are not included in the price of the property. Typical closing costs can include loan origination fees, discount points, appraisal fee, survey, title insurance, legal fees, real estate professional fees, prepayment of taxes and insurance, etc. While closing costs often range from 3 to 4% of the purchase price of the home, they can be lower or higher, depending on geographic region or loan type.

Modules 2.1, 2.2, 4.1, 4.2

COLLECTION

An account in default with an original creditor and sold to a third-party debt collector that will continue attempts to collect past due payments.

Modules 1.2, 2.2, 4.1, 4.2

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM, OR CDBG

HUD program that provides grants to states and localities to provide decent housing and a suitable living environment and to expand economic opportunities, principally for low- and moderate-income persons.

Module 2.2

COMPLAINANT

A person, group, or company that files a complaint which claims that someone has violated a law.

Module 3.2

CONCILIATION

The attempted resolution of issues raised by a complaint, or by the investigation of such complaint, through informal negotiations involving the aggrieved person, the respondent, and the HUD Secretary.

Modules 3.1, 3.2

CONCILIATION AGREEMENT

A written agreement setting terms for the resolution of the issues in conciliation.

Module 3.2

CONSOLIDATED PLAN

A plan designed to help states and local jurisdictions to assess their affordable housing and community development needs and market conditions, and to make data-driven, location-based investment decisions.

Module 3.2

CONVENTIONAL MORTGAGE LOAN

A mortgage loan backed by private lenders. Conforming conventional loans follow lending rules set by the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac). Non-conforming conventional loans fall outside the guidelines, so they cannot be sold to Fannie Mae or Freddie Mac. Though not insured by any government program, loans with a down payment less than 20% of the purchase price may require private mortgage insurance.

Modules 2.1, 2.2, 4.1, 5.1

CREDIT SCORE

A numerical interpretation of a consumer's creditworthiness based on information in his or her credit report.

Modules 1.1, 1.2, 1.4, 2.1, 2.2, 3.1, 4.1, 4.2, 5.1, 5.3, 6.1, 6.2

D

DEBT-TO-INCOME RATIO

A rate that calculates a borrower's total monthly debt, including housing and other debt obligations, as a percentage of gross monthly income. Frequently used by lenders to qualify borrowers for a mortgage. Also called a back-end ratio.

Modules 1.1, 2.1, 2.2, 4.1, 4.2, 5.1, 5.3, 6.2

DEED-IN-LIEU

A process that allows a homeowner to avoid foreclosure, providing a deed "in lieu" of foreclosure to the lender. Except in certain states or by agreement between homeowner and servicer, the sale does not necessarily satisfy the borrower's debt and may result in a deficiency judgment. Though it helps avoid foreclosure, the process does not allow the homeowner to stay in the home.

Modules 5.2, 5.3

DEED RESTRICTIONS

Legally enforceable terms that govern the use of property. These terms are transferred with the property deed. Discriminatory deeds are illegal and unenforceable. Also known as a covenant, condition, restriction, or restrictive covenant.

Module 3.1

DEFAULT

The inability to make timely payments or fulfill legal obligations of loan terms. Mortgage loans are typically considered in default when a payment has not been made after 60 to 90 days.

Modules 1.2, 2.1, 2.2, 3.1, 4.1, 4.2, 5.1, 5.2, 5.3, 6.1

DEFICIENCY JUDGMENT

Assessment of liability by a court against a homeowner for the unpaid balance owed to the servicer after a foreclosure, short sale, or deed-in-lieu if the sale does not cover the full amount owed.

Modules 5.1, 5.3

DELINQUENT

The failure of a borrower to make timely mortgage payments under a loan agreement. Most mortgages allow for a grace period, generally ten to fifteen days, before a late fee may be assessed.

Modules 1.2, 1.4, 4.1, 4.2, 5.1, 5.2, 5.3

DISCOUNT POINTS

A type of pre-paid interest normally paid at closing and generally calculated to be equivalent to 1% of the total loan amount. The borrower pays them to reduce the interest rate on a loan. You can purchase a lender-determined number of discount points to give you a lower rate and lower monthly mortgage payment.

Modules 2.1, 4.1

DOWN PAYMENT

A cash payment that homebuyers are typically required to pay when closing on a home loan, which represents a percentage of the total price of the home.

Modules 1.1, 1.3, 1.4, 2.1, 2.2, 4.1, 4.2, 5.3

DPA

Down Payment Assistance (DPA) programs provide grants or loans to reduce the amount homebuyers need to save for the down payment on a home.

Module 2.2

DR. MARTIN LUTHER KING, JR.

Dr. Martin Luther King was a leader in the African-American Civil Rights movement. Using nonviolent methods, he fought for racial equality in all spheres of life, including employment, education, and housing.

Module 3.1

DUAL TRACKING

A process that occurs when the servicer moves forward with foreclosure while simultaneously working with the borrower to avoid foreclosure. Restricted by the CFPB mortgage servicing regulations.

Module 5.1

E

ECOA

The Equal Credit Opportunity Act (ECOA) is a federal law requiring lenders to make credit available equally without discrimination based on race, color, religion, national origin, age, sex, marital status, or receipt of income from public assistance programs.

Module 4.1

EMERGENCY BUDGET

A household budget created to increase savings, reduce expenses, and/or pay down debt in financial emergency situations.

Modules 5.1, 5.2

EQUITY

Value of ownership interest in property. Determined by the difference between the fair market value of a property and the remaining mortgage balance owed.

Modules 1.4, 2.1, 4.1, 4.2, 5.1, 5.3

ESCROW

Funds to be used for specific purposes by parties carrying out a mutual transaction, deposited with a third party. Commonly used by lenders to allocate funds for a homeowner's property taxes, insurance premiums, or other fees when they become due.

Modules 4.2, 5.1

ESCROW ACCOUNT

An account in which escrow funds are held to be used for specific purposes by parties carrying out a mutual transaction. While there are many uses for an escrow account, they are commonly used by lenders to set aside a portion of monthly mortgage payments needed to cover property taxes, homeowners insurance, or other fees.

Modules 4.1, 4.2

EVICTION

A legal process by which someone is expelled from a property, usually a tenant from a rental property.

Modules 1.4, 3.1, 5.1, 5.3, 6.1, 6.2

F

FAIR HOUSING ASSISTANCE PROGRAM, OR FHAP

A HUD program that provides funding to state and local agencies that enforce additional fair housing protections, as long as the protections are substantially equivalent to the Fair Housing Act.

Module 3.2

FAIR HOUSING INITIATIVES PROGRAM, OR FHIP

A HUD program that provides funding to fair housing organizations and nonprofits that assist people who may have been victims of housing discrimination.

Module 3.2

FAIR MARKET RENT, OR FMR

A determination of the monthly rent of a rental property, calculated by HUD. Factored by geography and unit size, it sets payment standards for public housing programs.

Module 2.2

FEMA

Federal Emergency Management Agency

Modules 4.1, 4.2

FHA

The Federal Housing Administration (FHA) provides mortgage insurance on loans made by FHA-approved lenders throughout the United States and its territories. FHA insures mortgages on single family homes, multifamily properties, residential care facilities, and hospitals.

Modules 2.1, 2.2, 4.1, 4.2, 5.1, 5.2, 5.3

FICO SCORE

Credit scores are often referred to simply as FICO scores. FICO (Fair Isaac Corporation) is the most commonly used scoring model for lending and credit decisions in the U.S., though other scoring models do exist. FICO scores range from 300 to 850 where higher is better. Consumers have a FICO score from each of the three credit reporting agencies – Equifax, Experian, and Transunion. Other credit scoring models do exist, so not all credit scores available for purchase online are FICO scores.

Module 1.2

FIRST-TIME HOMEBUYER

An individual who has not owned a primary residence for at least three years prior to purchasing a home. This includes a single parent or displaced homeowner who has only owned with a spouse or former spouse. A married couple is considered a first-time homebuyer if either spouse meets the criteria.

Modules 1.4, 2.2, 4.1

FIXED-RATE MORTGAGE

A mortgage that has an interest rate that does not fluctuate, but rather stays the same over the term of the mortgage. Typically comes in 30-year or 15-year term.

Modules 4.1, 4.2

FIXTURE

Physical property that is permanently attached to real property. A manufactured home is typically considered a fixture to real property and collateral for any mortgage on the land if it is permanently attached, even if the manufactured home is classified as personal property and the mortgage loan funds were not used to purchase the home.

Module 5.3

FORECLOSURE

A legal process in which mortgaged property is sold to pay the loan of a defaulting borrower. Foreclosure laws are based on the statutes of each state.

Modules 1.4, 2.1, 2.2, 3.1, 4.1, 4.2, 5.1, 5.2, 5.3, 6.1

FORMULA GRANTS

Formula grant programs are noncompetitive awards that participating organizations that meet certain minimum requirements are entitled to receive. These grants are administered by state and local administrations.

Module 3.2

FRONT-END RATIO

A rate that calculates a borrower's housing expenses as a percentage of gross monthly income. Used by counselors to measure client housing affordability. Frequently used by lenders to qualify borrowers for a mortgage. Also called a housing ratio.

Modules 2.1, 5.1

G

GFE

The Good Faith Estimate (GFE) is a document that outlines the estimated costs and terms of a mortgage loan offer. The GFE was replaced with the Loan Estimate in 2015.

Module 4.1

GSE LOAN OR MORTGAGE

A government-sponsored enterprise, or GSE, is a financial services entity created by Congress. A GSE loan or mortgage refers to a mortgage owned by Fannie Mae or Freddie Mac.

Modules 5.1, 5.2

GROSS INCOME

Money earned before taxes and other deductions. May include income from self-employment, rental property, alimony, child support, public assistance payments, and retirement benefits.

Modules 2.1, 2.2, 4.1, 5.1, 5.3

GROUND RENT

Money paid by a tenant to a landlord when the tenant owns the dwelling or structure but does not own the land on which the dwelling is situated. In such cases, the tenant may take out a loan to purchase the dwelling, but must also pay rent for the land. Also called lot rent.

Module 2.1

H

HAMP

Home Affordable Modification Program, a component of Making Home Affordable. HAMP expired December 31, 2016.

Module 5.2

HARP

Home Affordable Refinance Program, a component of Making Home Affordable. HARP expired December 31, 2018.

Module 5.2

HOA

Homeowners Association

Modules 4.1, 4.2

HOEPA

The Home Ownership and Equity Protections Act (HOEPA) incorporates the High-Cost Mortgage and Homeownership Counseling Amendments to the Truth in Lending Act (Regulation Z) and Homeownership Counseling Amendments to the Real Estate Settlement Procedures Act (Regulation X)

Modules 4.1, 5.1

HOME EQUITY LINE OF CREDIT, OR HELOC

A home equity line of credit, or HELOC, is a line of credit that you can take from at any time during the draw period, up to your credit limit. Typically, the draw period is 10 years and the repayment period lasts 15 years. A HELOC is generally offered at a variable rate and payments are typically interest-only during the draw period.

Modules 4.2, 5.1

HOME EQUITY LOAN

A home equity loan provides a lump sum of money. It is often referred to as a second mortgage, because it can be obtained while the borrower is still bound to the initial mortgage. Home equity loan terms can range from 5 to 30 years at a fixed interest rate.

Module 4.2

HOME INVESTMENT PARTNERSHIPS PROGRAM, OR HOME PROGRAM

HUD program that provides grants to states and localities for building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low- and moderate-income persons.

Module 2.2

HOMEOWNERS INSURANCE

An insurance policy that can provide coverage for damages to a dwelling and contents that belong to the homeowner. Additionally, it can offer protection to homeowners against losses resulting from liability claims from accidents occurring on the property. Homeowners insurance is mandatory for most homeowners with mortgages to obtain.

Modules 2.1, 2.2, 3.1, 4.1, 4.2, 6.1

HOPWA

Housing Opportunities for People with AIDS (HOPWA) is a HUD program established to provide housing assistance and related supportive services for low-income persons living with HIV/AIDS and their families.

Module 2.2

HOUSING CHOICE VOUCHER PROGRAM (SECTION 8)

The Housing Choice Voucher Program, commonly referred to as Section 8, is the federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. Participants are not limited to units located in subsidized housing projects and are free to choose any housing that meets program requirements. Housing choice vouchers are administered locally by public housing agencies, or PHAs, which receive federal funds from HUD for program administration.

Modules 2.2, 6.1, 6.2

HOUSING RATIO

A rate that calculates a borrower's housing-related obligations as a percentage of gross monthly income. Frequently used by lenders to qualify borrowers for a mortgage. Also called a front-end ratio.

Modules 1.1, 2.1, 5.1, 5.3, 6.2



IMMINENT DEFAULT

When default is reasonably foreseeable. Typically applies to borrowers who are either current or less than 60 days delinquent. With FHA mortgages, borrowers facing imminent default are defined as those who are current or less than 30 days past due on the mortgage obligation and are experiencing a hardship that prevents them from making the next payment.

Modules 5.1, 5.2, 5.3

IMPLIED WARRANTY

An unspoken, unwritten promise that a product is fit to be sold and used for its intended purpose which usually applies unless the product is sold "as-is."

Module 4.1

INTEREST

Part of a mortgage payment. Interest is the interest rate the bank charges you for borrowing their money.

Modules 1.3, 1.4, 2.1, 2.2, 3.1, 3.2, 4.1, 4.2, 5.1, 5.2, 6.1

J

JUDGMENT

In relation to credit, a court order mandating that a debtor pay a creditor a specified sum of money, often in collection of a debt. The record remains on a debtor's credit report for seven years whether paid or unpaid, but the negative effect is greater if unpaid.

Modules 1.1, 1.2, 1.4, 4.1, 4.2, 5.1, 5.3, 6.1, 6.2

L

LAND PROPERTY INTEREST

Indicates the legal interest of the manufactured-home owner in the land on which the home is situated. Types of manufactured-home land property interest include direct ownership, indirect ownership, paid leasehold, and unpaid leasehold.

Module 2.2

LIEN

A legal claim against a property that secures the property as collateral if a debtor fails to meet loan obligations. Acts as a defect on the title and must be settled before transfer of ownership. The lien holder, or creditor granting the loan, releases the lien when the loan is paid in full.

Modules 1.2, 2.2, 4.1, 4.2

LIQUIDATION

Process of selling non-exempt assets to repay creditors in Chapter 7 bankruptcy.

Module 1.4

LOAN ACCELERATION

The process of accelerating the payment of the full loan balance. Once a homeowner is in default for a certain period of time, a clause in many promissory notes allows lenders to demand immediate payment of the remaining loan balance.

Module 5.1

LOAN ORIGATION FEE

A charge by the lender to cover the administrative costs of making the mortgage. This charge is paid at the closing and varies with the lender and type of loan. A loan origination fee of 1 to 2% of the mortgage amount is common.

Module 4.1

LOAN ESTIMATE

The Loan Estimate is a form designed to help consumers understand the key features, costs, and risks of the mortgage loan for which they are applying. A copy must be provided to consumers no later than three business days after they submit a loan application.

Module 4.1

LOAN-TO-VALUE RATIO, OR LTV RATIO

A percentage calculated by dividing the amount of the outstanding loan amount by the sales price or appraised value of the home; also called an LTV ratio.

Modules 2.2, 4.2, 5.2

M

MANUFACTURED HOME

A manufactured home is built in a factory in accordance with the “HUD Code”, or HUD [Manufactured Home Construction and Safety Standards](#), then transported to the placement site. Each transportable section is identified as HUD Code compliant by a red certification label attached to the exterior. Factory-built homes that were built after June 15, 1976 are considered manufactured homes. Factory-built homes constructed before June 15, 1976 are known as mobile homes.

Modules 2.2, 4.1, 4.2, 5.1, 5.2, 5.3, 6.1, 6.2

MEANS TEST

A bankruptcy qualification that considers income and equity in assets to determine if a client has the ability to repay part of the debt.

Module 1.4

MOBILE HOME

Mobile homes are any factory-built home that is not a modular home constructed in a factory prior to June 15, 1976 when the National Manufactured Housing Construction and Safety Standards Act was enacted. Mobile homes were not built in accordance with [HUD's Manufactured Home Construction and Safety Standards \(HUD Code\)](#).

Module 2.2

MODULAR HOME

Modular homes are constructed in a factory to all applicable state and local building codes similar to the way traditional site-built homes are constructed, and then transported to the home site. Instead of being built according to the HUD Code, the codes and standards by which a modular home is built can vary based on the local ordinances of the home site. For example, some states and municipalities have standards that regulate the minimum roof pitch, overhang length, and foundation wall requirements.

Module 2.2

MORTGAGE

A debt secured by collateral of a real estate property. Used to make real estate purchases without paying the entire value of the purchase up front. If the borrower does not meet the obligations of the loan, the lender has the right to foreclose.

Modules 1.1, 1.2, 1.4, 2.1, 2.2, 3.1, 3.2, 4.1, 4.2, 5.1, 5.2, 5.3, 6.2

MORTGAGE INSURANCE PREMIUM, OR MIP

A monthly payment, usually part of the mortgage payment for FHA loans, paid by a borrower for mortgage insurance.

Modules 2.1, 2.2

N

NEGATIVE AMORTIZATION

An increase in the principal balance of a loan caused by monthly payments that do not cover the interest due. The unpaid interest is added to the unpaid principal balance, causing the loan to grow over time. Can occur when an ARM has a payment cap that results in monthly payments that are not high enough to cover the interest due.

Modules 4.1, 5.1

NFIP

The National Flood Insurance Program (NFIP) provides insurance to help reduce the socio-economic impact of floods. NFIP is managed by the Federal Emergency Management Agency (FEMA) and is delivered to the public by a network of approximately 60 insurance companies and the NFIP Direct.

Module 4.1

P

PERSONAL PROPERTY

Personal Property refers to tangible property, other than Real Property, such as cars, recreational vehicles, and manufactured or mobile homes.

Modules 2.2, 4.1, 4.2, 5.2, 5.3

PREMIUM

A payment required by an insurer to provide insurance for a specified period of time.

Modules 1.1, 2.1, 2.2, 4.1, 6.1

PREPAYMENT PENALTY

A provision in some loans that charges a fee to a borrower who makes mortgage payments ahead of schedule. A fee can be assessed as a percentage of the loan balance or as a flat rate, such as a certain number of months' worth of interest payments. New mortgage reform has placed limits on prepayment penalties and requires lenders to offer an alternative transaction that does not include a prepayment penalty.

Module 4.1

PRINCIPAL

The amount of money borrowed to buy a house or the amount of the loan that has not been paid back to the lender. This does not include the interest paid to borrow that money. The principal balance is the amount owed on a loan at any given time. It is the original loan amount minus the total repayments of principal made.

Modules 2.1, 2.2, 5.1, 5.2

PRIVATE MORTGAGE INSURANCE, OR PMI

Insurance policy that protects a lender from potential risks when a homebuyer pays less than 20% for a down payment. Although the policy protects the lender and is typically selected by the lender, the homebuyer is responsible for the monthly payment.

Modules 2.1, 2.2

PROFIT AND LOSS STATEMENTS

A summary of revenue, costs, and expenses incurred during a defined period, such as a fiscal year.

Module 2.1

PUBLIC HOUSING AGENCY, OR PHA

A state, county, municipality, or other government agency that develops or operates low-income housing. PHAs, which receive federal funding from HUD for program administration, include a broad range from local housing authorities to state departments of community affairs or housing and finance agencies.

Modules 2.2, 3.2, 4.1, 6.1

R

REAL PROPERTY

Real Property refers to the ownership of physical real estate which typically includes the land and buildings.

Modules 2.2, 4.1, 4.2, 5.2, 5.3

REASONABLE ACCOMMODATION

A change in rules, policies, practices, or services so that a person with a disability will have an equal opportunity to use and enjoy a dwelling unit or common space. A housing provider should do everything to assist a person with a disability, but is not required to make changes that would fundamentally alter the program or create an undue financial and administrative burden. Reasonable accommodations may be necessary at all stages of the housing process, including application, tenancy, or to prevent eviction.

Modules 3.1, 3.2

REASONABLE MODIFICATION

A structural modification that is made to allow persons with disabilities the full enjoyment of the housing and related facilities.

Modules 3.1, 3.2

REDLINING

The illegal practice of refusing to make residential loans or imposing more onerous terms on any loans made because of the predominant race, color, national origin, religion, sex, disability, or familial status of the residents of the neighborhood in which the property is located.

Module 3.1

RENTERS INSURANCE

An insurance policy that provides coverage for damages, within a rental property, to renters' belongings and liability. Additionally, it can offer protection to renters for losses resulting from liability claims from accidents occurring on the property that are not caused by property structural problems.

Module 2.1, 6.1

REPLEVIN

A legal action to recover the possession of items of personal property used as collateral for a personal or chattel loan. The lender files a lawsuit in court and requests the court grant an order for repossession.

Module 5.3

RESPA

The Real Estate Settlement Procedures Act (RESPA) was enacted by Congress to provide homebuyers and sellers with complete settlement cost disclosures, to prohibit kickbacks, and to limit the use of escrow accounts. RESPA is a federal statute now regulated by the Consumer Financial Protection Bureau (CFPB).

Modules 4.1, 6.1

RESPONDENT

A person against whom a fair housing complaint is filed. Respondents must be identified as a specific individual, rather than an organization or other group.

Module 3.2

REQUEST FOR MORTGAGE ASSISTANCE, OR RMA

Form that a borrower must complete to be considered for mortgage loan modification options.

Module 5.2

ROBO-SIGNING

The process in which important documents that require careful review are signed automatically, like a robot, by someone who does not follow appropriate procedures or verify information. A common practice in the foreclosure crisis.

Module 5.1

S

SECURED CREDIT CARD

A product offered by some financial institutions to allow consumers to build credit history. A secured credit card requires an upfront deposit (usually about \$300-\$1000) and typically provides a credit limit equal to the deposit. By design, it does not provide any actual credit to the consumer, but functions the same as a regular credit card and allows the consumer to build credit history through regular monthly payments.

Module 1.2

SECURED PROPERTY TYPE

Identifies whether a manufactured home loan is a personal property loan, meaning secured by the manufactured home and not land (chattel), or real property, meaning secured by the manufactured home and the land (mortgage).

Module 2.2

SELF-HELP REPOSSESSION

A type of repossession in which a lender's agent can take collateral away from the borrower without a court order, as with a vehicle repossession. Agents must not breach the peace or cause a public disturbance during a self-help repossession and are not permitted to take personal property other than the collateral.

Module 5.3

SERVICEMEMBERS CIVIL RELIEF ACT, OR SCRA

An act that protects military personnel and their dependents in issues related to housing, including certain protections against default judgments, foreclosure, and eviction.

Module 5.1

SERVICER

A company that handles all the administrative aspects of a loan from the closing to mortgage payoff, including handling the payments, escrow, and all documentation for records.

Modules 5.1, 5.2, 5.3

SHORT SALE

A procedure in which the borrower is allowed to sell a property for an amount less than the outstanding mortgage balance owed to avoid a foreclosure. Except in certain states or by agreement between homeowner and servicer, the sale does not necessarily satisfy the borrower's debt and may result in a deficiency judgment. Also called a pre-foreclosure sale.

Module 5.3

SOFT SECOND MORTGAGE

Second mortgage that is subsidized by a down payment assistance program. Payments on the loan are deferred under certain conditions, and the full loan amount is often forgivable if requirements are met.

Module 2.2

SUBPRIME LENDING

Loans to borrowers with poor credit. Typically charge higher interest rates to insure against losses.

Module 5.1

SUBPRIME LOAN

A type of mortgage with less stringent lending and underwriting terms and conditions, usually offered to borrowers with blemished or limited credit history, low income, and/or limited documentation. Due to the increased credit risk, subprime loans carry higher interest rates than prime loans.

Module 4.1

SUBSIDIZED HOUSING

Privately owned housing whose owners agree to lease their properties to low- or moderate-income families in exchange for a subsidy from the government. Subsidies come in various forms, including individual vouchers or subsidies for units in a multifamily dwelling.

Modules 2.2, 3.2

SURPLUS INCOME

The amount of income left over after all financial obligations are met. Calculated by subtracting expenses from net income.

Modules 5.1, 5.2

T

TAXES

Property taxes charged by the municipality in which your home is located. Proceeds pay for education, law enforcement, and other services. These are mandatory and typically cost 1% of the value annually, though the tax rate can vary depending on geographic region.

Modules 1.1, 1.3, 2.1, 2.2, 4.1, 4.2, 5.1, 5.3

TEASER RATES

An initial temporary interest rate on an adjustable-rate mortgage that results in lower mortgage payments. To attract borrowers, the rate is typically lower than the market rate, but only remains in effect for a short period of time before increasing, which in turn increases mortgage payments. Can be a sign of predatory lending.

Modules 1.4, 5.1

TESTERS

Individuals who, without any bona fide intent to rent or purchase a home, apartment, or other dwelling, pose as prospective buyers or renters of real estate for the purpose of gathering information. This information may indicate whether a housing provider is complying with fair housing laws.

Module 3.2

TILA

The Truth in Lending Act (TILA) was enacted to ensure that credit terms are disclosed in a meaningful way so consumers can compare credit terms more readily and knowledgeably. TILA requires all creditors to use the same credit terminology and expressions of rates.

Modules 4.1, 5.1

TRID

The TILA-RESPA Integrated Disclosure Rule (TRID), is a federal law amending regulations under the Real Estate Settlement Procedures Act, or RESPA (Regulation X) and the Truth In Lending Act, or TILA (Regulation Z), effective as of October 3, 2015. Also called the Know Before You Owe rule, TRID requires easier-to-use mortgage disclosure forms (the Loan Estimate and Closing Disclosure forms) that clearly outline the terms of a mortgage to the borrower and provide detailed explanations about how the forms should be completed and used.

Module 4.1

U

UNLAWFUL DETAINER

The act of retaining possession of property without legal right. The term ordinarily refers to the conduct of a tenant who is in possession of an apartment or leased property and refuses to leave the premises upon expiration or termination of the lease.

Module 6.2

UNSUBSIDIZED HOUSING

Privately owned housing rented at market price.

Module 3.2

UPFRONT MORTGAGE INSURANCE PREMIUM, OR UFMIP

An insurance premium of 1.75% that is collected on FHA loans. UFMIP can be paid at the time the loan closes or rolled into the mortgage payments. It is in addition to ongoing mortgage insurance premium payments.

Module 2.2

V

VOLUNTARY REPOSSESSION

The manufactured-home owner voluntarily surrenders the home to the lender outside of court. Similar to a short sale on a mortgaged home, the lien on the home would be released for less than the borrower owes. The lender would then sell the home, which may result in a deficiency judgment for the difference between the sale price and the amount owed in addition to any storage charges or lot rent paid by the lender.

Module 5.3

W

WRIT OF POSSESSION

A court order that serves as an eviction from a property. The writ outlines the specific time a person has to vacate the property before authorizing an official to forcibly remove a person and his/her belongings from a property.

Module 6.2