

One in which two or more parcels of real property are pledged to secure payment of the note.

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One in which the interest rate changes according to changes in a predetermined index.

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A document setting forth the value of a property as the basis for the loan guarantee by the Department of Veteran Affairs to the lender.

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The actual effective rate of interest charged on a loan expressed on a yearly basis; not the same as simple interest rate.

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A temporary mortgage to borrow money to construct an improvement on land.

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An estimate of value of particular property, at a particular time for a specified purpose.

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One in which the federal government does not insure or guarantee payment to the lender.

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One in which the scheduled payment will not fully amortize the loan over the mortgage term; therefore, to fully satisfy the debt, it requires a final payment called a balloon payment, larger than the uniform payments.

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A federal law prohibiting discrimination in consumer loans.

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Period of time set by specific contract or by state law providing for a rescission period in which the buyer can withdraw from a transaction without penalty.

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(a) An account maintained by a real estate broker in an insured bank for the deposit of other people's money; also called trust account. (b) An account maintained by the borrower with the lender in certain mortgage loans to accumulate the funds to pay an annual insurance premium, a real property tax, or a homeowner's association assessment.

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Signee on a loan that usually does not appear on the title, but is legally responsible for the payment of the debt.

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The U.S. agency that insures mortgage loans to protect lending institutions.

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An accounting of all financial aspects of a mortgage loan required of lenders to borrowers in residential mortgage loans by Regulation Z of the Federal Reserve Board.

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A mortgage loan in which payments are insured by the Federal Housing Administration.

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A percentage of the loan amount the lender requires for making a mortgage loan.

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**Another term for
escrow account.**

**Lender's estimate of borrower's
settlement costs, required by
RESPA to be furnished to borrower
at time of loan application.**

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**One that is
subordinate to a prior
mortgage.**

**Combination of the
gradual payment
mortgage and variable
rate mortgage.**

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**One in which a leasehold
(nonfreehold) estate is pledged to
secure payment of the note.**

**A loan in which the monthly payments are
lower in the early years of the mortgage term
and increase at specified intervals until the
payment amount is sufficient to amortize the
loan over the remaining term.**

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**The use of borrowed funds; the
larger the percentage of borrowed
money, the greater the leverage.**

**Mortgage loan for which the monthly
payments increase annually, with the
increased amount applied directly to the
loan's principal, thus shortening the term of
the loan.**

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A loan in which the payments are not large enough to cover the interest on the loan, causing the loan balance to grow larger during the term of the loan, rather than smaller.

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An upfront fee charged by a lender to raise the lender's yield on the loan.

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One that may be refinanced without rewriting the mortgage.

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The relationship between the amount of a mortgage loan and the lender's opinion of the value of the property pledged to secure payment of the loan.

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A loan that usually has a monthly payment that does not cover the monthly interest owed (negative amortization).

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A mark-up (expressed as a percentage) over an index such as the 30-year treasury bill or cost of funds index to which an adjustable rate mortgage is tied.

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One in which personal as well as real property is pledged to secure payment of the note.

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The cost of the insurance paid by the borrower on an FHA loan.

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A mortgage given by a buyer to a seller to secure payment of all or part of the purchase price.

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a) One in which two or more lenders share in making the loan. (b) One in which a lender shares in the profit produced by an income property pledged to secure the loan payment in addition to receiving interest and principal payments.

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A federal law regulating activities of lending institutions in making mortgage loans for housing.
real estate sponsor card A card issued by a real estate broker certifying that the real estate broker, real estate salesperson, or leasing agent named on the sponsor card is employed by the issuing broker.

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Funds paid at closing to start an escrow account, as required in certain mortgage loans; also called prepaids.

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Requirements issued by the Federal Reserve Board in implementing the Truth-in-Lending Law, which is a part of the Federal Consumer Credit Protection Act.

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A financial charge imposed on a borrower for paying a mortgage prior to expiration of the full mortgage term.

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A provision in a mortgage to release certain properties from the mortgage lien when the principal is reduced by a specified amount.

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A form of insurance coverage required in high loan-to-value ratio conventional loans to protect the lender in case the borrower defaults in loan payment.

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Long-term permanent financing that usually replaces (takes out) the construction loan.

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A release sometimes provided by a lender and sought by a borrower that has allowed a purchaser to assume his loan.

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One that requires the mortgagor to pay interest only during the mortgage term, with the principal due at the end of the term.

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Consummation of a real estate contract; also called closing.

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See Regulation Z.

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One in which the lender shares in the appreciation in property value in return for making the loan at a fixed rate lower than the rate in effect at the time the loan is made.

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Evaluation of the risk associated with making a loan. The underwriter will analyze the borrower's ability to pay, and the condition and value of the collateral.

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The exchange of entitlements that takes place when a veteran assumes another veteran's VA loan.

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A mortgage loan in which the loan payment is guaranteed to the lender by the Department of Veteran Affairs.

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A junior mortgage in an amount exceeding a first mortgage against the property.

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