

## MORTGAGE GLOSSARY

**1003:** A Mortgage Loan Application (the Uniform Residential Loan Application - URLA) (FNMA Form 1003)

**1004:** Appraisal (the Uniform Residential Appraisal Report - URAR) (FNMA Form 1004)

**1004D:** Provides notice to the lender if the property has gone down in value, or if the property has been completed per original plans & specs, or subject to repairs or recommended inspections.

**1004MC:** Enhances the transparency of the market trends and conditions conclusions made by the appraiser.

**1004P:** A hybrid appraisal that involves the appraiser.

**1025:** Appraisal form needed if the subject property is 2-4 unit dwelling and the borrower is using rental income to qualify. FHLMC 72: FNMA (FHLMC 72)

**1040:** U.S. Individual Income Tax Return.

**1041:** U.S. Income Tax Return for Estates and Trusts. Report the income, deductions, gains, losses, etc. of the estate or trust.

**1065:** U.S. Return of Partnership Income. Provides information applicable to certain entities, individuals, and estates that own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership.

**1073:** FNMA appraisal form that is used if our subject property is a condo (attached/detached/site). FHLMC 465

**1098:** Mortgage Interest Statement, is an Internal Revenue Service (IRS) form that's used to report the amount of interest and related expenses paid on a mortgage during the tax year.

**1099:** Reports a person's non-salary income. This is a generic document type used for any IRS 1099 document when the specific IRS 1099 document type is unknown or unnecessary

**1099A:** Acquisition or Abandonment of Secured Property. Reports the amount of the debt owed (principal only) and the fair market value (FMV) of the secured property as of the date of the acquisition or abandonment of the property.

**1099B:** Proceeds From Broker and Barter Exchange Transactions. If you sold stock, bonds or other securities through a broker or had a barter exchange transaction (exchanged property or services rather than paying cash).

**1099C:** Cancellation of Debt

**1099CAP:** Changes in Corporate Control and Capital Structure. For shareholders of a corporation if control of the corporation was acquired or it underwent a substantial change in capital structure.

**1099DIV:** Dividends and Distributions. Used by banks and other financial institutions to report dividends and other distributions to taxpayers and to the IRS.

**1099G:** Certain Government Payments. Federal, state, or local governments file this form if they made payments of: Unemployment compensation. State or local income tax refunds, credits, or offsets. Reemployment trade adjustment assistance (RTAA) payments.

**1099H:** Health Coverage Tax Credit (HCTC) Advance Payments. Provided if you received Health Coverage Tax Credit (HCTC) advance payments of your health coverage insurance premiums.

**1099INT:** Interest Income. A tax form issued by interest-paying entities, such as banks, investment firms, and other financial institutions, to taxpayers who receive interest income of \$10 or more.

**1099LTC:** Long-Term Care and Accelerated Death Benefits. Enables individual taxpayers to report long-term care (LTC) benefits, including accelerated death benefits.

**1099MISC:** IRS Form 1099 - Miscellaneous Income (income paid to non-employee) Used by UWM Underwriters to verify borrower income

**1099OID:** Original Issue Discount. To report income when bonds, notes, or certificates of deposit (CDs) are sold at a discount from their maturity value.

**1099PATR:** Taxable Distributions Received From Cooperatives. Report cooperative and business income on your tax return.

**1099Q:** Payments From Qualified Education Programs (Under Sections 529 and 530). Reports the total of all withdrawals you make during the year.

**1099R:** Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.

**1099S:** Proceeds From Real Estate Transactions. Used to report non-employment income to the Internal Revenue Service (IRS).

**1099SA:** Distributions From an HSA, Archer MSA, or Medicare Advantage MSA. Sent to individual taxpayers who receive distributions from health savings, medical savings, and Medicare Advantage accounts.

**1120:** U.S. Corporation Income Tax Return. Asks for information about tax positions that affect the U.S. federal income tax liabilities of certain corporations that issue or are included in audited financial statements and have assets that equal or exceed \$10 million.

**1120S:** U.S. Income Tax Return for an S Corporation. To report the income, gains, losses, deductions, credits, etc., of a domestic corporation or other entity for any tax year covered by an election to be an S corporation.

**203K Borrower Acknowledgment:** Borrower acknowledgement that they will conform with the requirements laid out by HUD for a 203(k) Rehabilitation Loan.

**203K Borrower Identity Of Interest Certification:** Certification that the borrower does not have an identity-of-interest with the seller of the property and does not have a conflict of interest with any other party to the transaction, including the realtor, lender, contractor, consultant, and/or the appraiser. In addition, certifying that the borrower is not obtaining any source of funds or acting as a 'strawbuyer' for another individual, partnership, company, or investment club.

**203K Consultant Identity Of Interest Statement:** Certification letter completed by all consultants and plan reviewers who are required to sign the following certification after preparing/reviewing the work write-up and cost estimate. The signer certifies that all items requiring correction and that the rehabilitation proposal now meets all HUD requirements for 203(k) Rehabilitation Mortgage Insurance.

**203K Consultant Report:** Describes the work that needs to be done to bring the house to FHA standards.

**203K Cost Estimates:** Breakdown of the costs, by line item, associated with the work to be conducted in the rehabilitation of the property.

**203K Draw Request:** Provides information required to release funds based on work in place. Must be signed by contractor, borrower and inspector. Form HUD-9746-A

**203K Homeowner Acknowledgment:** Confirms the final bid amount for the project and the time frame for completion. A contract between the homeowner and the contractor.

**203K Initial Draw Request:** Provides information required to release funds based on work in place. Must be signed by contractor, borrower and inspector.

**203K Maximum Mortgage Worksheet:** Determines Maximum amount for 203K Mortgage based on the loan amount; closing costs; sales price (if purchase) and work to be performed. Provided to the Lender.

**203K Rehabilitation Agreement:** Establishes the terms and conditions of the 203K loan program works and describes the guidelines that will be followed in administering funds.

**3.2: Fannie Mae 1003 version 3.2.** Residential Loan Data Format 1003, V. 3.2. Specifies the data formats and codes for creating the Fannie Mae loan data file (Form 1003) including the data documentation for Community Lending and government loans. See also 1003, 3.4, Fannie Mae, DU, AUS, MSIMO.

**3.4:** Document used by brokers to import a loan in EASE. Data specification containing the Uniform Loan Application Dataset (ULAD) and additional data for conventional and government loans. See also DU, Fannie Mae, 3.2.

## A

**ABA:** American Bankers Association

**Abandonment:** The intentional relinquishment of claim or title to personal or real property.

**Abatement (Rental):** A reduction or elimination of rent payments for a specified period of time, usually granted by the landlord as an inducement to the tenant to enter into or to renew a lease.

**Abatement (Tax):** A reduction in real property tax granted by a taxing authority as the result of an appeal. In some jurisdictions, tax abatements may also be granted as an inducement for development or to attract or retain job-providing industries.

**A Credit Mortgages:** Mortgages which generally meet the credit underwriting guidelines of Fannie Mae, Freddie Mac, FHA, VA or major jumbo purchasers. Those who have credit ratings or other qualification deficiencies would be rated as B, C or D credit.

**ATR:** Ability To Repay. Requires that a lender make a reasonable, good-faith determination before or when consummating a mortgage loan that the consumer has a reasonable ability to repay the loan, considering such factors as the consumer's income or assets and employment status.

**Ability To Repay Exemption Credit Extended Purpose Indicator:** When true, indicates the purpose of the extension of credit exempts the transaction from Regulation Z requirements.

**Ability To Repay Exemption Creditor Organization Type:** Specifies the creditor organization type exempts the transaction from Regulation Z Ability-to-Repay requirements.

**Ability To Repay Exemption Loan Program Type:** Specifies the creditor organization type exempts the transaction from Regulation Z Ability-to-Repay requirements.

**Ability To Repay Interest Rate Debt Expense Ratio Percent:** The ratio of all debt payments of the borrowers, including proposed housing expenses, to the qualifying income of the borrowers (back-end ratio) based on the note interest rate.

**Ability To Repay Method Type:** Specifies the method by which the creditor satisfied Regulation Z Ability-to-Repay requirements.

**Above Par:** When a mortgage is sold for more than its face value because it has an above market interest rate. For example, a \$100,000 mortgage may be sold for 101.00, or \$101,000.

**Absentee Ownership:** Ownership of property (usually income producing) by a non-occupant who employs others to manage and maintain the property.

**Absorption:** The level of property units rented or sold after which price concessions must be made for market demand to continue at current levels. Used to determine the feasibility of new residential or commercial construction.

**Absorption Rate:** The rate at which vacant space is either leased or sold to users in the market place. Absorption rate is usually expressed in square feet per year or, in the case of multifamily housing, number of units per year.

**Abstract Identifier:** A unique number (or alpha-numeric designator) assigned to a land Title Abstract document (i.e.: a sequential collection of documents relating to a specific parcel of land). The boundaries of a parcel of real property is determined from the information contained in the Title Abstract document.

**Abstract Notice Agreement:** Establishes that the lender will not be responsible for replacing the abstract.

**Abstract of Judgement:** Derived from a Judgment; contains only the details of a court action that relate to fulfilling the court order.

**Abstract of Title:** A written history of ownership of a parcel of land, summarizing the material parts of any occurrence affecting title of said land.

**Abstraction:** Method for computing depreciation by comparing the replacement cost of the improvements to the sales price less land value.

**Acceptable Signing Method Type:** An instruction as to the signing methods that are acceptable for this document. It does not reflect a document instance state.

**Acceptance:** An offeree's consent to enter into a contract and be bound by the terms of the offer.

**Acceptance Letter:** A document signed by a construction loan borrower stating that all work is complete and of acceptable quality.

**Access Rights:** A right to ingress and egress from one's property; may be implied or expressed.

**Accession:** Title to property is gained through its addition to the owner's existing real estate and can apply to both land and improvements.

**Accessory Unit Count:** Describes the number of accessory units associated with the structure

**Accident:** An unplanned, unexpected and undesigned event which occurs suddenly at a definite place.

**Accident And Health Premium:** A portion of the amount paid by a borrower for mortgage insurance that ensures the continuance of mortgage payments in the event of a mortgagor's disability or illness.

**Accommodation Paper:** A promissory note or other negotiable instrument signed by a third party (accommodation party) guaranteeing the repayment of a loan.

**Accommodation Party (Endorser):** A person who lends his name to guarantee a loan for another by signing a promissory note, bill or other negotiable instrument; the endorser becomes the guarantor of the loan and is therefore responsible for its repayment.

**ACE:** Automated Collateral Evaluation.

**ACH: Automated Clearing House:** enables credit, debit, and transfer transactions between financial institutions

**Accrual Rate:** The rate at which interest is calculated. For a particular remittance date for an MBS pool, it is the mortgage interest rate due under the terms of the mortgage note during the period beginning on the second day of the month preceding the remittance date and ending on the first day of the month in which such remittance date occurs, less the lender's servicing spread.

**AE:** Account Executive. UWM Sales Team

**Affiliated Projects:** Condo, co-op, and PUD projects that are under the same master association or share the use of common facilities that are either owned individually or as part of a master association or development are considered affiliated projects. Condo, co-op, or PUD projects that do not meet this criteria, are not considered affiliated projects, even if they are managed by the same management company.

**Allonge:** An attachment to a legal document that is used to insert language or signatures when there is no space for them on the document itself. Frequently used to add endorsements to the mortgage note.

**ALTA: American Land Title Association:** ALTA members search, review and insure land titles to protect home buyers and mortgage lenders who invest in real estate.

**AMC: Appraisal Management Company:** Contracts appraisers to confirm property values.

**Amenities:** Features that enhance the project but are not essential to the project's use. Examples include, but are not limited to, swimming pools, fitness centers, tennis courts, playgrounds, gardens, or beach access.

**AMI: Area Median Income** - US Government established income level in a given geographic area.

**Amortization:** The paying off of debt with a fixed repayment schedule in regular installments over a period of time. With home loan payments, at the beginning of the loan term, most of the monthly payment goes toward interest.

**Amortization Schedule:** A timetable for payment of a mortgage that shows the amount of each payment that should be applied to interest and principal and the remaining unpaid principal balance after each payment is applied.

**Appraisal:** An estimate of value of subject property. Also refers to the process by which a value estimate is obtained. *1004. FNMA Form 1004. Uniform Residential Appraisal Report. URAR.*

**Appreciation:** Increasing value (in real estate)

**Approval Letter:** Written mortgage loan approval. *Commitment Letter.*

**APR: Annual Percentage Rate** (as prescribed by TILA) - Mortgage Loan costs calculated over the loan term expressed as a rate. This is not the interest rate.

**ARM: Adjustable Rate Mortgage:** Mortgage loan rate that can adjust periodically to reflect market conditions.

**ASF: American Securitization Forum:** ASF advocates on behalf of the entire securitization industry.

**ASR:** Account Success Report.

**Assessed Value:** The dollar value assigned to a property for the purpose of measuring applicable taxes.

**Assets:** A thing of value. Property owned by a person (owned automobiles; property; \$ in a bank or retirement account; etc). Used to calculate borrower's net worth (assets minus liabilities). Liquid financial assets are used to determine a borrowers ability to afford down payment and closing costs.

**Assumable Mortgage:** Mortgage loan wherein the outstanding principal can be transferred to a buyer under the current mortgage terms. Typically only (some) FHA and VA mortgages are assumable.

**ATIMA:** As Their Interests May Appear. A phrase added to insurance policies and endorsements to add others as insured.

**AUS:** Automated Underwriting System. A computer-driven process for informing the loan applicant very quickly, sometimes within a few minutes, whether the applicant will be approved, or whether the application will be forwarded to an underwriter. The quick decision is based on information provided by the applicant, which is subject to later verification, and other information retrieved electronically including information about the borrower's credit history and the subject property. DU - Desktop Underwriter. LP Loan Prospector.

**AVM: Automated Valuation Model.** Calculates property valuations using mathematical modelling and other data (recent sales of comparable properties, etc.).

## B

**Balloon Mortgage:** A mortgage loan in which a large portion of the principal is repaid in a single payment at the end of the loan term.

**Balloon Payment:** The outstanding balance due on a balloon mortgage that must be paid in a lump sum at the end of the mortgage term.

**BK: Bankruptcy.** A legal proceeding in federal court in which a debtor seeks to restructure their obligations to creditors pursuant to the Bankruptcy Code. This generally affects the borrower's personal liability for a mortgage debt, but not the lien securing the mortgage.

**BLINK+:** Borrower application link.

**Borrower:** Mortgage Loan Applicant.

**BPO: Broker Price Opinion:** A real estate agent's determination of the estimated value of residential real property.

**BPS: Basis Points:** 1/100 of 1 percent = 1 basis point

**Bridge (or swing) Loan:** A short-term loan secured by the borrower's principal residence (which is usually for sale) that allows the proceeds to be used for closing on a new house before the present home is sold.

**Broker:** A mortgage broker is essentially a middleman between the borrower/homeowner and the bank or mortgage lender. A non-bank mortgage loan originator (or origination company).



**Broker Origination:** A mortgage loan that is originated under circumstances where a person or firm other than a mortgage loan seller or lender correspondent is acting as a “broker” and receives a commission for bringing together a borrower and a lender. The broker performs some of the loan processing functions (such as taking loan applications; ordering credit reports, appraisals, and title reports; and verifying a borrower’s income and employment), but does not underwrite the loan, fund the loan at settlement, or service the loan. Typically, the mortgage loan is closed in the name of the mortgage loan seller or lender correspondent that commissioned the broker’s services, but may also include so-called “table-funded” mortgage loans where the loan is closed in the broker’s name, but is funded by the mortgage loan seller or the lender correspondent.

**Business Day:** A day other than (1) a Saturday or Sunday, (2) a day on which the Federal Reserve Bank of New York (or other agent acting as Fannie Mae’s fiscal agent) is authorized or obligated by law or executive order to remain closed, or (3) a day on which the main offices of Fannie Mae in the District of Columbia are scheduled to be closed. In this Guide, the word “day” without the modifier “business” refers to a calendar day.

**Buydown Account:** An account in which funds are held so that they can be applied as part of the mortgage payment as each payment comes due during the period that an interest rate buydown plan is in effect.

## C

**C2C:** Clear to Close

**Capacity:** Your ability to make your mortgage payments on time. This depends on your income and income stability (job history and security), your assets and savings, and the amount of your income each month that is left over after you’ve paid for your housing costs, debts and other obligations.

**Capitalization:** The addition of certain amounts due under the mortgage—such as tax and insurance payments made by the servicer or delinquent interest installments—to the unpaid principal balance of the mortgage, either because the borrower was unable to pay them or the servicer paid them on the borrower’s behalf.

**Cash Out:** (Refinance Loan Type) A mortgage loan refinance in which the borrower(s) receive cash from the equity in their home.

**CD: Closing Disclosure.** TRID required document to replace Final TIL and HUD-1. Initial CD must be issued 3 days prior to closing.

**CEMA: Consolidation Extension & Modification Agreement:** A loan only available to New Yorkers. For more information, visit [this](#) link.

**CENLAR:** Servicing Sub Servicer.

**Certificate of Deposit:** Savings tool with fixed maturity date and fixed interest rate.

**CFPB: Consumer Financial Protection Bureau:** CFPB works to give consumers the information they need to understand the terms of their agreements with financial companies.

**Charge-Off:** To treat as a loss; to designate as an expense an amount originally recorded as an asset.

**COC/Changed Circumstance:** A changed circumstance affecting settlement charges, including: An extraordinary event beyond the control of any interested party or other unexpected event specific to the consumer or transaction.

**COE: Certificate of Eligibility:** Also known as VA Form 26-1880, this is issued to show you are eligible for a loan through the Department of Veterans Affairs.

**Collateral:** An asset that secures a loan or other debt that a lender can take if you don't repay the money you borrow. For example, if you get a home loan, the bank's collateral is typically your house.

**Closing:** Closing, also called "settlement," is when borrowers and all the other parties in a mortgage loan transaction sign the necessary documents.

**Closing Agent:** A person who coordinates closing-related activities, such as recording the closing documents and disbursing funds.

**Closing Costs:** Fees associated with a mortgage transaction.

**Closing Date:** Date the necessary documents are signed.

**CLTV: Combined Loan To Value** ratio. Principal balances of all loans on property divided by the lower of property sale price or property appraised value.

**Co-Borrower:** Any additional borrower(s) whose name(s) appear on loan documents and whose income and credit history are used to qualify for the loan. Under this arrangement, all parties involved have an obligation to repay the loan. For mortgages, the names of applicable co-borrowers also appear on the property's title.

**COFI: Cost Of Funds Index.** Used as an ARM Index Rate.

**Coinsurance:** A property insurance provision that penalizes the insured's loss recovery if the limit of insurance purchased by the insured is less than a specified percentage (typically 80, 90 or 100 percent) of the replacement cost value of the insured property.

**Collateral:** Property pledged as security to a debt. If the borrower fails to repay the loan, the lender may gain ownership of the collateral and sell it to recover the money.

**Condo:** Unit in a condominium project. A form of homeownership that combines individual ownership of a unit with shared ownership of common facilities. Each owner has a separate mortgage for his or her unit and is responsible for making the payments on the loan and paying associated real estate taxes. An elected board of directors is responsible for operations and management of the common facilities. Each owner pays a monthly recurring fee that covers their share of the cost to repair and maintain the common facilities.

**Co-op:** Unit in a cooperative project

**Commercial (Property):** Real estate that is used for business purposes. UWM does not do commercial loans.

**Commitment Letter:** The approval letter. A letter from your lender stating the amount of the mortgage, the number of years to repay the mortgage (the term), the interest rate, the loan origination fee, the annual percentage rate and the monthly charges.

**Community Seconds:** A subsidized second mortgage typically made by a federal, state, or local government agency, a nonprofit organization, a regional Federal Home Loan Bank under one of its affordable housing programs, a federally recognized Native American tribe and its sovereign instrumentalities, or an employer.

**Comp (Comparable - Comparable Sale):** A property of similar size and workmanship as the subject property that has recently sold.

**Condemnation:** Depending on context, may refer to a determination that a building is not fit for use or is dangerous and must be destroyed, or the taking of private property for a public purpose through an exercise of the right of eminent domain.

**Condition:** Loan stipulation that must be met before a mortgage loan can be closed/funded.

**Conforming (Loan):** A mortgage loan that meets (conforms to) the guidelines of either FNMA or FHLMC.

**Concession:** Something given up or agreed to in negotiating the sale of the house. For example, the sellers may agree to help pay for closing costs.

**Construction Loan:** A loan to fund the building of a new home.

**Construction to Perm Mortgage:** A mortgage that provides funds for the acquisition or refinancing of unimproved land and the construction of a residential dwelling on the land.

**Consumer Reporting Agency (or bureau):** An organization that is engaged in the preparation of reports that are used by credit grantors to determine the credit and public records history of an individual. The agency obtains data for these reports from repositories of accumulated credit records as well as from other sources.

**Contingency:** A plan for something that may occur but is not likely. For example, your offer may be contingent on the home passing a home inspection. If the home does not pass inspection, you're protected.

**Conventional (Loan):** A conventional mortgage refers to any mortgage that is not insured or guaranteed by the federal government. All conforming loans are conventional. Jumbo loans, though, are conventional non-conforming loans.

**Correspondent:** Correspondent Lender.

**Counter-offer:** An offer made in response to a previous offer. For example, after the buyer presents their first offer, the seller may make a counter-offer with a slightly higher sale price.

**Counterparty:** The other party that participates in a financial transaction such as our trading counterparties; JP Morgan, Jeffries.

**Coupon:** The yield paid by a fixed income security. A fixed income security's coupon rate is simply just the annual coupon payments paid by the issuer relative to the bond's face or par value.

**CPI: Consumer Price Index.** A measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.

**CR/Client Request:** Communication from the Broker asking or stating certain information.

**Credit:** The ability of a person to borrow money, or buy goods by paying over time. Credit is extended based on a lender's good opinion of the person's financial situation and reliability.

**Credit History:** A credit history consists of information such as: Number and types of credit accounts; How long each account has been open; Amounts owed, amount of available credit used; Whether bills are paid on time; Number of recent credit inquiries; Information regarding bankruptcies, liens, judgments, or collections.

**Credit Report:** Collection of credit history items on one document.

**Credit Score:** A numerical value that ranks an individual according to their credit risk at a given point in time, as derived from a statistical evaluation of information in the individual's credit file that has been proven to be predictive of loan performance. When this term is used by Fannie Mae, it is referring to the classic FICO score developed by Fair Isaac Corporation.

**CRV: Certificate of Reasonable Value.** The Department of Veterans Affairs will need to issue this document. It is based on the appraisal of the property you are planning to purchase.

**CTC:** Clear To Close.

**CU:** Collateral Underwriter

## D

**DE:** Direct Endorsement.

**Debt:** Borrowed money, the repayment of which may be either secured or unsecured, with various possible repayment schedules.

**Deed In Lieu:** A deed in lieu of foreclosure is a transaction in which the homeowner voluntarily transfers title to the property to the lender in exchange for a release from the mortgage obligation.

**Default:** A loan that has payments overdue more than 30 days.

**Defect:** A loan-level deficiency that breaches a term contained in the Lender Contract in effect at the time of loan purchase or securitization.

**Delayed Financing:** A way of purchasing a home in which you pay cash up front, then almost immediately or shortly thereafter obtain a cash-out refinance to mortgage the property, which returns a big chunk of your money to you.

**Delinquency:** Delinquency occurs when all or part of the Borrower's monthly installment of principal, interest and, where applicable, Escrow is unpaid after the due date.

**Depreciation:** Decreasing value (in real estate).

**Discount Points:** Fee paid by borrower to lender to obtain a lower interest rate on a mortgage loan.

**Desktop Appraisal:** An appraisal assignment for which the appraiser completes the appraisal without physically inspecting the property, using data from various sources (real estate agents, homeowners, MLS, tax records, etc).

**Disbursement Date:** The date the loan funds are disbursed for the subject mortgage. The disbursement date may occur on or after the note date.

**DO: Desktop Originator.** A Web-based application that gives originators access to DU through a sponsoring lender.

**Down Payment:** A portion of the price of a home, usually between 3-20%, not borrowed and paid up front.

**DOR: Deed of Reconveyance.** A document issued by a mortgage holder indicating that the borrower is released from the mortgage debt.

**DOT: Deed of Trust** - A Deed of Trust is a type of secured real-estate transaction that some states use instead of mortgages. Legal title in real property is transferred to a trustee, which holds it as security for a loan (debt) between a borrower and lender.

**DTI: Debt To Income ratio.** Total debt divided by qualifying income.

**DU: Desktop Underwriter.** FNMA AUS

**DURP:** Fannie Mae's business implementation of the Home Affordable Refinance Program. (HARP)

## E

**EASE:** Easiest Application System Ever.

**ECOA:** Equal Credit Opportunity Act.

**Eclosing:** An eClosing is 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 and executed electronically. This can be a hybrid process in which certain key documents, such as the promissory note and security instrument, are printed to paper and wet-signed, while other documents are signed electronically. eClosings result in eMortgages only if the promissory note is signed electronically.

**EDGE:** UWM's new LOS, replacing the Destiny legacy LOS.

**EFT:** Electronic Funds Transfer

**EMD: Earnest Money Deposit.** A deposit submitted with a purchase offer to show that the buyer's offer is being made in good faith.

**EPO: Early Pay Off Penalties.** Fees charged to a lender when a borrower pays off their loan within a certain period after the loan is sold on the secondary market.

**EQ: Easy Qualifier** - UWM's Pricing Engine that is used to price out a loan scenario.

**Equity:** Value/Amount of real property owned by the borrower.

**Escrow:** An account in which a neutral third party holds the documents and money in a real estate transfer until all conditions of a sale are met. Also, an account in which money for property taxes and insurance is held until paid; money is added to the account every time a mortgage payment is made.

**Esign:** Electronic Signatures in Global and National Commerce Act. A federal law that gives broad legal effect to the use of electronic signatures and records in interstate commerce.

**Exposure:** The dollar amount of funds or percentage of a portfolio invested in a particular type of security, market sector or industry, which is usually expressed as a percentage of total portfolio holdings. See Market Exposure also.

## F

**FAMB:** Find a Mortgage Broker.

**Fannie Mae:** Federal National Mortgage Association. (FNMA)

**FCRA:** Fair Credit Reporting Act.

**Federal Reserve:** The Central Bank of the United States.

**FEMA: Federal Emergency Management Agency:** A federal agency that provides assistance in areas that have suffered a major disaster or other emergency. It also maintains flood insurance rate maps that identify the Special Flood Hazard Areas in which Fannie Mae requires flood insurance.

**FHA: Federal Housing Administration** - A federal agency within the Department of Housing and Urban Development (HUD) that provides mortgage insurance (MIP) for residential mortgages and sets standards for construction and underwriting.

**FHA Loan:** Mortgage loan insured by FHA.

**FHFA:** Federal Housing Finance Agency.

**FHLMC:** Federal Home Loan Mortgage Corporation. (Freddie Mac)

**FICO:** Fair Isaac Corporation. Credit Scoring company.

**First Mortgage:** A mortgage that is the primary lien against a property.

**Fiscal Year:** Any 12-month period used for financial reporting and preparation of balance sheets, profit and loss statements, and other financial summaries.

**FIU:** Financial Investigation Unit.

**Fixed Installment:** That portion of a mortgage payment that is applied toward principal and interest. When a mortgage negatively amortizes, the fixed installment does not include any amount for principal reduction.

**Fixed Rate Mortgage:** A fully amortizing mortgage loan where the interest rate remains the same through the term of the loan

**Flood Certification:** A flood certification indicates whether or not the subject property is located within a designated flood zone.

**Flood Insurance:** Insurance which protects the insured against loss or damage to their property resulting from flooding.

**FMV:** Fair Market Value. Every home has a value associated with it based on similar home sales in the same market.

**FNMA:** Federal National Mortgage Association. (Fannie Mae)

**Forbearance:** (Servicing) To temporarily suspend or reduce monthly mortgage payments for a specific period of time.

**Foreclosure:** (Servicing) The process of taking possession of a mortgaged property as a result of the mortgagor's failure to keep up mortgage payments.

**Freddie Mac:** Federal Home Loan Mortgage Corporation. (FHLMC)

**FRM:** Fixed Rate Mortgage. Mortgage loan rate remains constant throughout the term of the loan.

**FSBO:** For Sale By Owner.

**FTC:** Federal Trade Commission.

**FTHB: First Time Homebuyer.** An individual is to be considered a first-time homebuyer 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 homebuyer if they had no ownership interest in a principal residence (other than a joint ownership interest with a spouse) during the preceding three-year time period.

## G

**GAAP:** Generally Accepted Accounting Principles.

**GFE:** Good Faith Estimate. TRID replaced the GFE with the LE.

**Gift Letter:** A letter written by a family member verifying that a certain amount of money was given to you as a gift and that you don't have to repay it. You can use this money toward a portion of your down payment with some mortgages.



**GLA:** Total area of finished, above-grade residential space; calculated by measuring the outside perimeter of the structure and includes only finished, habitable, above-grade living space. (Finished basements and attic areas are not generally included in total gross living area.)

**GLBA:** Graham Leach Bliley Act. Law that controls how financial institutions handle private information.

**Government (Loan) AKA "Govie":** FHA or VA loan. A mortgage loan that is insured or guaranteed by a government agency. Examples include FHA-guaranteed mortgage loans, VA-insured mortgage loans, and RD-guaranteed mortgage loans.

**GNMA:** Government National Mortgage Association. Ginnie Mae guarantees investors the timely payment of principal and interest on MBS backed by federally insured or guaranteed loans — mainly FHA or VA loans.

**Gross Monthly Income:** The income you earn in a month before taxes and other deductions. It may also include rental income, self-employed income, income from alimony, child support, public assistance payments, and retirement benefits.

**GSA:** General Services Administration.

**GSE:** Government Sponsored Enterprise. FNMA and FHLMC

## H

**HARP:** Home Affordable Refinance Program. Refinance program created by the Federal Housing Finance Agency to help homeowners not current on their payment with little or no equity in their home. Expires December 31, 2016.

**HCLTV:** Home equity Combined Loan To Value ratio. Sum of 1st mortgage principal balance plus HELOC credit limit divided by Property Appraised Value.

**Hedging/Trading:** Making an investment to reduce the risk of adverse price movements in an asset (mortgage loan). In mortgage banking, this is when we sell a loan at the time the loan is locked in order to lock in the profitability priced into the loan.

**HELOC:** Home Equity Line Of Credit.

**High-Balance Loan:** A High-Balance Mortgage Loan is defined as a conventional mortgage where the original loan amount exceeds the conforming loan limits published yearly by the Federal Housing Finance Agency (FHFA), but does not exceed the loan limit for the high-cost area in which the mortgaged property is located, as specified by the FHFA. The conforming loan limit is \$726,200 and the high-cost area limit is \$1,089,300 for a 1-unit dwelling in the continental U.S.

**HMDA:** Home Mortgage Disclosure Act. HMDA requires certain financial institutions to provide mortgage data to the public.

**HOA: Home Owners' Association:** An entity formed to manage the day-to-day operation and long term interests of residential dwelling communities, including condo, co-op, and PUD projects. The HOA is typically created and vested with specific roles, responsibilities, and rights by the project's legal documents in compliance with applicable laws. For Fannie Mae's purposes, the term "HOA" includes a homeowners' association, a common interest community association, a cooperative corporation, and other similar entities.

**HOI:** Home Owner's (Hazard) Insurance. Insurance coverage that pays for the loss or damage on a person's home or property (due to fire, natural disasters, etc.). This is usually added as a supplement to homeowners insurance.

**Home Inspection:** A professional inspection of a home to determine the condition of the property. The inspection should include an evaluation of the plumbing, heating and cooling systems, roof, wiring, foundation and pest infestation.

**Home Possible:** A Mortgage that offers underserved qualified Borrowers flexible underwriting, low down payment options and other special underwriting features. Home Possible Mortgages must be originated in accordance with [Chapter 4501](#).

**HomeReady:** Fannie Mae's flexible, affordable lending product designed to meet the needs of low- to moderate-income homebuyers and homeowners. HomeReady is a standard product with underwriting recommendations available through DU and manual underwriting.

**Housing Counselor:** A HUD-approved housing counselor is an experienced, trained professional who can advise you on avoiding foreclosure, buying a home, protecting your 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.

**HPML:** High Priced Mortgage Loan.

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

**HUD-1:** No longer used settlement statement. Replaced by the CD (Closing Disclosure).

## I

**Index Rate:** An interest rate charged on loans to borrowers that is calculated by taking the sum of a benchmark index interest rate and a specified margin. The indexed rate is used to calculate the interest rate on an adjustable-rate mortgage (ARM).

**Inflation:** An increase in prices.

**Inquiry:** A request for a copy of your credit report. An inquiry occurs every time you fill out a credit application and/or request more credit. Too many inquiries on a credit report can hurt your credit score.

**Installment Debt:** Borrowed money that is repaid in several successive payments, usually at regular intervals, for a specific amount and for a specified term (for example, an automobile loan or a furniture loan).

**Interest:** The cost you pay to borrow money. It is the payment you make to a lender for the money it has loaned to you. Interest is usually expressed as a percentage of the amount borrowed.

**Interest Accrual Rate:** The percentage rate at which interest accrues on the mortgage. In most cases, it is also the rate used to calculate the monthly payments.

**Interest Rate:** An interest rate on a mortgage loan is the cost you will pay each year to borrow the money, expressed as a percentage rate. It does not reflect fees or any other charges you may have to pay for the loan. For example, if the mortgage loan is for \$100,000 at an interest rate of 4 percent, that consumer has agreed to pay \$4,000 each year he or she borrows or owes that full amount.

**Interest Rate Cap:** For an adjustable-rate mortgage (ARM), a limitation on the amount the interest rate can change per adjustment or over the lifetime of the loan, as stated in the note.

**Interest Rate Change Date:** The date on which the mortgage interest rate changes for an ARM; the date on which interest begins to accrue at a new rate for an ARM MBS pool.

**IP:** Investment Property (Property Type): Real Property owned to generate rental income.

**I/O:** Interest Only.

**IRRRL:** VA Interest Rate Reduction Refinancing Loan.

**IRS:** Internal Revenue Service.

**ISAOA:** Its Successors And/Or Assigns. This simply means the rights of the mortgagee can be transferred to any entity that purchases your bank (and subsequently now owns your mortgage) or that the bank can “assign” the rights of financial indemnity (in the event of a loss) to another company.

## J

**Jumbo:** A mortgage loan where the loan limit exceeds the FNMA/FHLMC maximum loan amount.

## L

**Last Paid Installment Date:** The due date of the last paid installment that had been collected for the mortgage.

**Late Charge:** A penalty that a borrower must pay when a mortgage payment is made a stated number of days (usually a minimum of 15) after its due date.

**LCOR: Limited Cash Out Refinance:** Replaces an existing mortgage with a new one, at a slightly higher loan amount. A refinance transaction in which the mortgage amount generally is limited to the sum of the unpaid principal balance of the existing first mortgage, closing costs (including prepaid items), points, and the amount required to satisfy any mortgage liens if the documented proceeds of the subordinate financing were solely used to acquire the property (if the borrower chooses to satisfy them), and other funds for the borrower's use (as long as the amount does not exceed the lesser of \$2000 or 2% (FNMA) and \$2000 or 1% whichever is greater (Freddie Mac) of the principal amount of the new mortgage).

**LDP:** Limited Denial of Participation.

**LE:** Loan Estimate (TRID document that replaced GFE). Government required disclosure of closing costs and other loan information.

**Lender:** An organization or person that lends money with the expectation that it will be repaid, generally with interest.

**Liabilities:** Your debts and other financial obligations.

**Lien:** The right to keep possession of property belonging to another person until a debt by that person is repaid.

**LLC: Limited Liability Company:** A flexible form of business enterprise that blends elements of partnership and corporate structures.

**LLPA: Loan Level Price Adjustment:** These are risk based fees; FICO/LTV adjustment. LLPAs are assessed based on certain eligibility or other loan features, such as credit score, loan purpose, occupancy, number of units, product types, etc. For whole loan transactions, LLPAs will be deducted from (or credited to) the loan proceeds.

**LO: Loan Officer/Originator.** An individual who takes a residential mortgage loan application, and offers or negotiates terms of a residential mortgage loan for compensation or gain.

**Loan Administrator (Servicer):** A mortgage banking function which includes the receipt of payments, customer service, escrow administration, investor accounting, collections, and foreclosures. Also called "servicing."

**Loan Estimate:** A written statement from the lender itemizing the approximate costs and fees for the mortgage. A lender is required to provide potential borrowers with a loan estimate within three business days of receiving a loan application.

**Loan Modification:** This is a written agreement between you and your mortgage company that permanently changes one or more of the original terms of your note to make the payments more affordable.

**Loan Origination Fees:** Fees paid to your mortgage lender for processing the mortgage application. This fee is usually in the form of points. One point equals 1% of the mortgage amount.

**Loan Processor:** The individual who handles all the paperwork associated with closing your loan.

**Look-Back Period:** The date on which the index value that will be used to establish the next interest rate change for an ARM is determined. It is a specified number of days (at least 45) before the interest rate change date.

**LOS:** Loan Origination System or Learning Operating System.

**LOX:** Letter Of Explanation.

**LP:** Loan Prospector

**LPC:** Lender Paid Compensation.

**LPI:** Lender Placed Insurance.

**LPMI: Lender Paid Mortgage Insurance:** Mortgage insurance coverage for a conventional mortgage loan that the lender pays for by using its own funds, rather than requiring the borrower to include periodic accruals for such coverage as part of their mortgage payment.

**LPOA: Loan Prospector Open Access:** Freddie Mac's business implementation of the Home Affordable Refinance Program. (HARP)

**LT:** Loan Term

**LTV: Loan To Value ratio.** Mortgage Loan Amount divided by the lower of sales price or appraised value.

## M

**Manually Underwritten Mortgage:** A Mortgage for which the Seller makes the determination regarding Borrower creditworthiness and excessive layering of risk that is one of the following:

- A Mortgage that was never submitted to Loan Product Advisor®,
- A Mortgage that was submitted to Loan Product Advisor and received an assessment status of invalid, ineligible or incomplete,
- A Mortgage that was submitted to Loan Product Advisor and received a Risk Class of Caution.

**Manufactured Home:** A Manufactured Home is a one-unit dwelling built on a permanent chassis in accordance with the National Manufactured Construction and Safety Standards Act as promulgated by the Department of Housing and Urban Development (HUD) and affixed to a permanent foundation.

**Market Exposure:** Also known as "exposure," represents the amount an investor can lose from the risks unique to a particular investment.

**Margin:** Represents the amount of profit that is priced into the loan or it's the amount that is added to an index value to create the mortgage interest rate for an ARM. Margin is also an amount (expressed as a percentage) that is used in the calculation of the purchase price for an As Soon As Pooled transaction.

**Market Value:** The current value of your home based on what the purchaser would pay. An appraisal is sometimes used to determine market value.

**MBS/Pool/Commitment: Mortgage Backed Security:** Group of loans being sold to an investor for a profit.

**MERS: Mortgage Electronic Registration Systems, Inc.:** A national electronic registry system that tracks the changes in servicing rights and beneficial ownership interests in mortgage loans that are registered on the System.

**MI: Mortgage Insurance:** Protects lenders against losses from defaults on home mortgages. (Required on loans with LTV above 80%)

**MIC:** Mortgage Insurance Certificate.

**MIN: MERS Identification Number:** Number used to identify loans on the MERS Registry.

**Minimum Borrower Contribution:** The minimum borrower contribution is an amount of funds described as a percentage that is generally required to be paid toward the down payment, closing costs, and financial reserves. The contribution may be required from the borrower's own funds or in some cases from other eligible sources of funds.

**MIP: Mortgage Insurance Premium:** FHA mortgage insurance monthly fee paid by borrower.

**MIR: Mortgage Interest Rate:** The rate of interest in effect for the periodic installment due. For fixed-rate mortgages or for ARMs that have an initial fixed-rate period, it is the rate in effect

during that period. For ARMs after any initial fixed-rate period, it is the sum of the applicable index and the mortgage margin (rounded as appropriate and subject to any per-adjustment or lifetime interest rate ceilings).

**Modification:** The act of changing any of the terms of the mortgage by agreement between the borrower and the note holder.

**Monthly Operating Income:** Income from the rental of an investment property that is determined by reducing the annual effective gross income for the property by the annual operating expenses and dividing the result by 12. This calculation is used to determine whether a borrower who will occupy one unit of a two- to four-unit property as their principal residence qualifies for a mortgage.

**Monthly Payment:** The monthly payment of principal and interest collected by mortgage lenders. This may also include escrow items for taxes and insurance and is therefore called the housing payment.

**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.

**Mortgage Credit Report:** A credit report times three! Since a mortgage loan is for a substantially larger amount and for a longer time frame than most loans, there is more at risk for the lender. Therefore, to qualify for a mortgage more information is required in the underwriting process than for a credit card or auto loan.

**Mortgagor:** The borrower of a mortgage loan that grants the lender an interest in the property.

**Mortgagee:** The lender in a mortgage that is secured by real property.

**Mortgage Interest Rate Ceiling:** For an ARM, the maximum interest rate over the life of the loan. It is determined by applying a "lifetime cap" to the initial mortgage interest rate.

**Mortgage Note:** The note or other evidence of indebtedness for a mortgage loan.

**MSA: Master Service Agreement:** A contract reached between parties, in which the parties agree to most of the terms that will govern future transactions or future agreements.

**MSA:** Metropolitan Statistical Area. Core area containing a substantial population nucleus, together with adjacent communities having a high degree of economic and social integration with that core.

**Multi-Dwelling Units:** Properties that provide separate housing units for more than one family, although they secure only a single mortgage; e.g., two to four units.

## N

**NBI:** Non-Borrowing Individual.

**NCUA: National Credit Union Administration:** The regulator of the credit union industry.

**Negative Amortization:** An increase in the principal balance of a loan caused by making payments that fail to cover the interest due. The remaining amount of interest owed is added to the loan's principal, which ultimately causes the borrower to owe more money.

**Net Cash Flow:** The income that remains for an investment property after the monthly operating income is reduced by the monthly housing expense (which includes PITI for the mortgage, homeowners' association dues, leasehold payments, and subordinate financing payments).

**Net Monthly Income:** Your take-home pay after taxes. It is the amount of money that you actually receive in your paycheck.

**Net Mortgage Ceiling:** The mortgage ceiling for an adjustable-rate mortgage after the minimum servicing fee has been subtracted.

**Net Mortgage Margin:** The mortgage margin shown in the ARM note and rider after the minimum servicing fee has been subtracted.

**Net Worth:** The value of all of a company's (or individual's) assets—including cash—less its total liabilities. It is used to indicate financial strength.

**NMLS:** Nationwide Multistate Licensing System aka Nationwide Mortgage Licensing System and Registry.

**Non-Arm's Length Transaction:** Purchase transactions in which there is a relationship or business affiliation between the seller and the buyer of the property.

**Non-Borrowing Spouse:** The spouse, as determined by the law of the state in which the spouse and mortgagor reside, or the state of celebration, of the HECM (Home Equity Conversion Mortgage) mortgagor, at the time of closing, and who is not a mortgagor.

**Non-Conforming (Loan):** A loan that does not meet FNMA or FHLMC guidelines.

**Non-Owner Occupied (Occupancy Type):** Real Property the borrower does not intend to occupy.

**NPI:** Nonpublic Personal Information



**OBA:** Online Broker Application.



**Occupancy (Type):** Primary Residence; Second Home; Investment Property.

**OFAC:** Office of Foreign Assets Control. Administers and enforces economic and trade sanctions based on US foreign policy and national security goals against targeted foreign countries and regimes, terrorists, international narcotics traffickers, those engaged in activities related to the proliferation of weapons of mass destruction, and other threats to the national security, foreign policy or economy of the United States.

**Offer:** A formal bid from the homebuyer to the home seller to purchase a home.

**Origination Fee:** Fee charged by Broker/Loan Officer to generate income.

**Owner Occupied (Occupancy Type):** The borrower(s) intend to live in the home.

## P

**PA:** Processor Assist

**PA - Purchase Agreement:** A legal contract that obligates a buyer to buy and a seller to sell a product or service. SPAs (Sales And Purchase Agreements) are found in all types of businesses but are most often associated with real estate deals as a way of finalizing the interests of both parties before closing the deal.

**P & I:** Principal and Interest.

**P & L:** Profit and Loss.

**Pay Advantage:** UWM's definition of Lender Paid Mortgage Insurance (LPMI).

**Payment Change Date:** The date on which the payment changes for an ARM; the effective date that a new amount is due from a borrower. It must fall in the month immediately following an interest rate change date (unless an ARM provides for the monthly payment to change more frequently than the interest rate).

**Payment Shock:** A sudden, large increase in the monthly mortgage payment as a result of an adjustable-rate mortgage or through a refinance with new financing terms.

**Payoff:** Satisfying the terms of the mortgage by paying the total amount of the debt. In regards to paying off early, the whole mortgage gets completely paid off before the end of the term, principal and interest.

**Paystub:** A paystub, pay slip, pay advice, paycheck notice, or payroll earnings statement is a document produced by the borrower's employer and provided to the borrower that evidences the borrower's income. Paystubs typically detail the gross income and all taxes and other deductions, such as retirement plan contributions, insurance, garnishments, or charitable

contributions taken out of the gross amount for the current pay period. Paystubs generally include year-to-date earnings.

**PITI:** Principal, Interest, Taxes, Insurance. (Payment)

**PITIA:** Principal, Interest, Taxes, Insurance and Association Dues.

**PIW:** Property Inspection Waiver.

**PMI: Private Mortgage Insurance:** Protects lenders against losses from defaults on home mortgages. (Required on loans with LTV above 80%)

**POA:** Power Of Attorney.

**POC:** Paid Outside of Closing.

**Pooling:** Combining loans based on similar characteristics to sell to an investor.

**Pre-Approval:** Pre-approval is a bigger step than pre-qualification, but it is a better commitment from the lender. This involves completing a mortgage application and providing the lender with your income documentation and personal records. If you qualify for a mortgage, the lender will be able to provide the amount of financing and the potential interest rate (you might even be able to lock in the rate). You'll be able to see an estimate of your monthly payment (before taxes and insurance because you haven't found a property yet).

**Pre-Qualification:** With pre-qualification the lender provides the mortgage amount for which you may qualify. Pre-qualifying can help you have an idea of your financing amount (and the process is usually quick and free), but you won't know if you actually qualify for a mortgage until you get pre-approved.

**Primary Conversion:** Refers to the borrower purchasing a new primary and changing the existing primary into a rental property.

**Primary (Mortgage) Market:** The market where borrowers and mortgage originators (brokers) come together to negotiate terms and execute a mortgage transaction. Mortgage brokers, mortgage bankers, credit unions and banks are all part of the primary mortgage market.

**Primary Residence (Property Type):** The home the borrowers live in day to day. (Not a vacation home.)

**Primary/Secondary Spread:** The primary-secondary spread is the difference between mortgage rates for borrowers and yields on newly issued agency mortgage backed securities (MBS). Typically shown as basis points (bps) – a proxy for the profit embedded in the secondary mortgage market.

**Prime Rate:** The Prime Rate is the interest rate charged by banks to their most creditworthy customers.

**Principal (Balance):** Loan amount due.

**Promissory Note:** A legally binding document stating that the borrower promises to repay the lender for the full loan amount plus interest.

**Property Insurance:** Insurance which protects the insured against loss or damage to their property when the loss or damage is caused by a covered peril.

**Property Taxes:** The amount individuals pay to their local city/municipality and sometimes county, based on the value of their property.

**PUD: Planned Unit Development or Property Under Development:** A project or subdivision that consists of common property and improvements that are owned and maintained by an HOA for the benefit and use of the individual PUD unit owners. The unit owners in the project have title to a residential property (lot and structure) and an interest in the HOA that owns or manages the common areas and facilities of the PUD.

**Purchase Agreement:** A real estate sales contract.

## Q

**QCD:** Quit Claim Deed - A legal instrument which is used to transfer interest in real property.

**QM:** Qualified Mortgage - A category of loans that have certain, more stable features that help make it more likely that you'll be able to afford your loan.

**QRM:** Quantitative Risk Management. This is the model we use for monitoring and managing our interest rate risk.

## R

**Rate Lock:** An agreement between a borrower and a lender that allows the borrower to lock in the interest rate on a mortgage over a specified time period at the prevailing market interest rate.

**RD: Rural Development.** A government agency within the U.S. Department of Agriculture (USDA) that makes direct loans and guarantees mortgages secured by residential properties located in rural areas, concentrating on borrowers who meet income eligibility requirements. Formerly the Rural Housing Service (RHS).

**Recast:** In a recast, the borrower makes a substantial payment to reduce the loan balance. The lender then recalculates the monthly payment based on the lower balance, using the same interest rate and time remaining under the original mortgage terms.

**Refi:** Refinance. To finance again, typically with a new loan at a lower rate of interest.

**Related Person:** A person that is any of the following:

- The Borrower's spouse, child or dependent
- An individual related to the Borrower by blood, marriage or adoption
- A guardian of the Borrower
- A person for whom the Borrower is a guardian
- The Borrower's fiancée or fiancé
- The Borrower's domestic partner
- An unrelated individual with close, family-like ties to the Borrower

**REIT:** Real Estate Investment Trust.

**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.

**REMIC: Real Estate Mortgage Investment Conduit:** A type of multi-class mortgage-related security in which interest and principal payments from mortgages or mortgage-related securities are structured into separately traded securities.

**REO: Real Estate Owned.** Other real estate owned by the borrower (such as an investment property).

**Repurchase:** Investor forces a lender to repurchase a loan if the loan does not comply with sales terms.

**RESPA:** Real Estate Settlement Procedures Act. Consumer protection statute to help consumers become better shoppers for mortgage settlement services.

**Revolving Debt:** An arrangement for credit in which the customer receives purchases or services on an ongoing basis prior to payment. Repayment is usually at regular intervals but not for a specified amount or term. Example: charge cards.

## S

**Sales Contract:** A contract for the purchase/sale, exchange, or other conveyance of real estate between parties. The contract must be in writing, contain the full names of the buyer(s) and seller(s), identify the property address or legal description, identify the sales price, and include signatures by the parties. Sales contracts are also known as agreements of sale, purchase agreements, or contracts for sale.

**Scheduled Interest:** Scheduled Interest is the monthly interest scheduled to be paid under the amortization schedule applicable to the Mortgage.

**Scheduled Principal:** Scheduled Principal is the monthly principal scheduled to be paid under the amortization schedule applicable to the Mortgage.

**SEC:** Securities and Exchange Commission.

**Second Mortgage:** A mortgage loan that has a lien position subordinate to the first mortgage. Also called subordinate lien mortgage loan.

**Secondary (Mortgage) Market:** The Secondary Mortgage Market is where home loans and servicing rights are bought and sold between lenders and investors. Most home loans in the US are eventually sold to the secondary mortgage market. When a consumer obtains a home loan, that loan is underwritten, funded and serviced by a bank or lending institution.

**Securitization:** Securitization is the process of taking a liquid asset, or group of assets, and through financial engineering, transforming them into a security.

**Security:** A financial instrument that represents an ownership position in a stock, bond, or option.

**Servicer:** An approved servicer that is contractually obligated to service one or more mortgage loans for Fannie Mae. Also refers to a subservicer if there is a subservicing arrangement.

**Servicing Fee:** The monthly fee, generally expressed in basis points, that a lender retains from borrowers' interest payments as compensation for servicing loans on an investor's behalf.

**SEV/State Equalized Value:** The assessor is constitutionally required to set the assessed value at 50% of the usual selling price or true cash value of the property. SEV is the assessed value that has been adjusted following county and state equalization.

**SFC:** Special Feature Code. FNMA coding for loan attributes.

**Short Sale:** Net proceeds from selling the property will fall short of the debts secured by liens against the property.

**SSR:** All appraisals uploaded to the Uniform Collateral Data Portal (UCDP) receive a Submission Summary Report (SSR) for each GSE submission. The SSR contains a summary of the appraisal submission(s) for each loan, the status of the submission(s), and a Document File Identifier (Doc File ID), which is the unique appraisal identifier generated by the UCDP. One Doc File ID is assigned per loan and is the same for delivery to either GSE. Lenders deliver a Doc File ID to the GSE's loan delivery system as part of the loan delivery process. When an appraisal is required to be submitted to the UCDP, the lender must receive a "Successful" status on the SSR before the loan is delivered to the GSE.

**Subordinate Financing:** Subordinate financing implies that the debt ranks behind the first secured lender, and means that the first secured lender will be paid back before subordinate.

**Success Track:** A platform where our external clients can sign-up and join training classes on how best to utilize tools and how best to work with UWM. (Success Track combines UWM's comprehensive mortgage expertise and award-winning training methods in a series of courses dedicated to championing the success of brokers everywhere.)

**Survey:** Determines the boundary lines and accurate measurements of a specific parcel, lot or acreage.

## T

**Tick/BPS:** The minimum upward or downward movement in the price of a security. A tick equals 1/32 in terms of price. A basis point equals 0.01%.

**TIL: Truth In Lending disclosures.** TRID replaced the TIL disclosures with the LE and the CD.

**TILA: Truth In Lending Act.** Title I of the Consumer Credit Protection Act. Federal law that requires disclosure of a truth-in-lending statement for consumer loans. The statement includes a summary of the total cost of credit, such as the APR and other specifics of the loan.

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

**Title Insurance:** Protects an owner's or a lender's financial interest in real property against loss due to title defects, liens or other matters.

**Title Search:** Reviewing documents evidencing the history of a piece of real property, to determine relevant interests in and regulations concerning that property.

**TLTV: Total Loan To Value** ratio. Principal balances of all loans on property divided by the lower of property sale price or property appraised value.

**Tolerance Cure:** If any charges at settlement exceed the charges listed on the LE by more than the permitted tolerances, the loan originator may cure the tolerance violation by reimbursing to the borrower the amount by which the tolerance was exceeded, at settlement or within 30 calendar days after settlement.

**Tradeline:** The type of credit obligation and its associated information, such as date opened, balance and periodic payment history, that is typically listed on a credit report.

**Transfer of Ownership:** Includes, but is not limited to, the conveyance of the Mortgaged Premises or any right, title or interest in the Mortgaged Premises, whether legal or equitable, voluntary or involuntary, by any of the following methods:

- Outright sale
- Deed
- Installment sale contract
- Land contract
- Contract for deed
- Leasehold interest with a term greater than three years Lease-option contract
- Land trust
- Transfer of a beneficial interest in an inter vivos trust
- Any other conveyance of real property interests, including those involving secondary financing, such as wraparound Mortgages
- As to a Cooperative Share Loan, the sale or other transfer of the Cooperative Interest

**TRID: TILA RESPA Integrated Disclosure** rule. Requires the LE and CD.

## U

**UCC: Uniform Commercial Code.** The body of laws governing commercial transactions in the U.S.

**UCC1 Statement:** Describes property taken as collateral from a borrower. Required to be filed in public records to record security interest in the property.

**UCD - Uniform Closing Dataset:** The Uniform Closing Dataset (UCD) is a common industry data set that allows information on the Consumer Financial Protection Bureau's (CFPB's) Closing Disclosure to be communicated electronically. It was developed by Freddie Mac and Fannie Mae (the GSEs) at the direction of our regulator, the Federal Housing Finance Agency (FHFA). The UCD file format is the same for both GSEs; however, the data collection method will be specific to each GSE. The UCD XML file must be submitted for all loans delivered to the GSEs with a Note Date on or after September 25, 2017. The GSEs will use the Note Date reported in the loan delivery XML file to determine whether a corresponding UCD file is required. The UCD file must be submitted to the GSEs at or before delivery of the loan. A PDF of the most accurate Closing Disclosure must be embedded in the UCD file. The PDF must match the data in the UCD XML file. The UCD XML file and embedded Closing Disclosure must represent the agreed-upon terms of the loan and contain the most accurate information available at the time of loan delivery. Delivery of the UCD must be in the MISMO Version 3.3.0 Reference Model format. One common standard for closing disclosures for Fannie Mae and Freddie Mac.

**UClose 3.0:** Kicking off the closing process is in the broker's hands! With just six clicks, you can schedule your closing and deliver your title prep package to the settlement agent.

**UETA: Uniform Electronic Transactions Act.** Law establishing (and allowing) electronic record keeping and electronic execution of certain transactions previously requiring ink signature.

**UFMIP:** Up Front Mortgage Insurance Premium.

**ULDD: Uniform Loan Delivery Dataset.** Common data elements for delivery of loan information to FNMA and FHLMC.

**UPB:** Unpaid Principal Balance.

**URLA: Uniform Residential Loan Application.** Mortgage Loan Application. FNMA Form 1003. A standard mortgage application your lender will ask you to complete. The form requests your income, assets, liabilities, and a description of the property you plan to buy, among other things.

**USDA:** United States Department of Agriculture.

**Underwriting Documents:** All of the documentation used to support the lending decision for a mortgage—such as the loan application and other documents used to verify a borrower’s employment, income, deposits, and credit history.

**Underwriting Score:** The one Credit Score selected from all usable Credit Scores obtained for an individual Borrower that quantifies the credit reputation risk for that individual Borrower. The related ULDD Data Point name is Credit Score Value.

**UW:** Underwriting. In mortgage banking, the analysis of the risk involved in making a mortgage loan to determine whether the risk is acceptable to the lender. Underwriting involves the evaluation of the property as outlined in the appraisal report and of the borrower’s ability and willingness to repay the loan.

## V

**VA:** U.S. Department of Veterans Affairs. Agency that issues VA loans.

**Variable Rate:** An interest rate that changes periodically in relation to an index.

**VLIP:** Very Low Income Purchase

**VOD: Verification Of Deposit:** To verify funds for closing.

**VOE: Verification Of Employment:** To verify eligibility to borrow. (See ability to repay.)

**VOI:** Verification Of Income.

**VOIP: Voice Over IP:** (Internet Protocol)Telephone connectivity in modern business.

**VOM:** Verification Of Mortgage. Credit verification.

**VOR:** Verification Of Rent. Credit verification.



**WVOE:** Verbal Verification Of Employment. Verbal VOE. (Just before closing to ensure continued eligibility.)

## W

**W-2:** IRS Form W-2 reports annual wage earner income.

**Warehouse Bank:** Warehouse lending is a line of credit given to a loan originator to pay for a mortgage the borrower used to purchase property. The life of the loan generally extends from its origination to the time it is sold into the secondary market, either directly or through securitization.

**Warranty Deed:** A deed that guarantees clear title to the buyer of real property.

**Wholesale:** Wholesale banking or lending deals with larger institutions.

**WVOE:** Written Verification of Employment.

## Y

**YSP: Yield Spread Premium.** The money or rebate paid to a mortgage broker for giving a borrower a higher interest rate on a loan in exchange for lower up front costs, generally paid in origination fees, broker fees or discount points.

## Z

**Zoning Ordinances:** Local laws that establish building codes and usage regulations for properties in a specified area. This creation of districts specifies different types of property uses, such as commercial or residential.