

[A](#) • [B](#) • [C](#) • [D](#) • [E](#) • [F](#) • [G](#) • [H](#) • [I](#) • [J](#) • [K](#) • [L](#) • [M](#) • [N](#) • [O](#) • [P](#) • [Q](#) • [R](#) • [S](#) • [T](#) • [U](#) • [V](#) • [W](#) • [X](#) • [Y](#) • [Z](#)**Abandonment**

Situation in which homeowner leaves house with no intention to return.

Abstract Of Judgment

Summary of a judgment in a lawsuit; includes who won, who lost, amount owed, the court making the decisions, date of judgment, and winning attorney. Once recorded (filed with county clerk or recorder), it creates a general lien on judgment debtor's property that's usually discovered by title company in conjunction with property sale. Most title companies require lien be paid as a condition of insuring resale.

Acceleration Clause

Part of trust deed or mortgage that gives lender right to call/demand all money owed as due and payable immediately in the event a specific event (such as a sale) occurs.

Acceptance

When seller's or agent's principal agrees to terms of the agreement of sale, approves negotiation on the part of agent, and acknowledges receipt of deposit.

Accrued Items of Expense

Incurred expenses not yet payable; seller's accrued expenses credited to purchaser in closing statement.

Adjustable Rate Mortgage (ARM)

Loan with an interest rate that can vary up or down at certain intervals (periods) and within certain limits (caps); loan is secured by house on which lender will foreclose if loan is not paid.

Alienation

Transferring property from one person to another.

Alienation/Acceleration/Due on Sale Clause

States that on sale or transfer of certain property, a loan is immediately due and payable.

All-Inclusive Deed or Trust

Also known as a wraparound contract, a mortgage document that includes amount actually financed as part of a property purchase as well as amounts of any prior deeds of trust.

Amortization

Repayment of a debt in installments.

Amortization Mortgage

A debt in which periodic repayments reduce the outstanding principal and pay off current interest charges.

Apportionment

Adjustment of income, expenses, or carrying charges on real estate, usually computed to the date of closing of title so seller pays all expenses to that date and buyer assumes all expenses after that.

Appraisal

Estimate of property's value as made by a trained, licensed professional.

Appraisal by Comparison

Estimate of property value made by comparing sale prices of similar properties in the same area.

Appurtenance

Something outside of a property but belonging to the land and adding to its greater enjoyment, such as a right-of-way, barn, or

dwelling.

As Is

When a property is sold as is, its seller does not warrant or guarantee the property is free of defects; buyer accepts property in present condition without modification.

Assessed Valuation

Value placed on property by public officer or board as basis for taxation.

Assessment

Charge against real estate made by a unit of government to cover a proportionate cost of an improvement such as a street or sewer.

Assessor

Official who has responsibility for determining assessed valuation.

Assessor's Parcel Number

Numeral assigned by county tax assessor to identify parcel of real property.

Assignment

Method or manner by which a right or contract is transferred from one person (the assignor) to another (the assignee).

Assignment of Rents

Procedure in which borrower gives lender the right to receive rents collected from a tenant in a house owned by borrower.

Assumes and Agrees to Pay

Clause in deed or related document in which a buyer who takes over payments on a seller's old loan also agrees to pay the old loan; buyer normally receives title and makes payments. Clause is often found in section of document that transfers title from the seller to the buyer; seller may or may not be released from liability.

Assumption of Mortgage

Occurs when person takes title to property and assumes liability for payment of existing note or bond secured by mortgage against the property.

Auction

Process of selling property at public sale to highest bidder.

Automatic Stay

Court order when bankruptcy is filed that prevents any creditor from attempting to collect any debt from the person who declared bankruptcy; creditors may not undertake foreclosure, repossession, eviction, or seizure, or even call or write the debtor demanding payment, and instead must join all other creditors and go through bankruptcy court to seek any money owed them.

Balance Owed on Loan

The part of the original loan that remains unpaid by the borrower at a given point in time.

Balloon Payment

Final installment on a loan that pays off debt; larger than previous installments.

Bankruptcy

Action filed in federal bankruptcy court that allows creditor to reorganize or discharge credit obligations due to insolvency; property owner may restrain foreclosure action by filing bankruptcy.

Bearer

Lender in whose hands the promissory note remains until it is paid in full.

Beneficiary

(1) One entitled to the benefit of a trust; (2) one who receives profit from an estate, the title of which is vested in a trustee; (3) lender on a security of a note and deed of trust.

Beneficiary's Statement

Also known as a "benny statement", a written statement of conditions and remaining balance on loan secured by a deed of trust.

Bill of Complaint

Initial paperwork filed in many states to begin foreclosure; part of the process of filing a lawsuit.

Bill of Sale

Document that passes title to personal property from seller to buyer.

Bond

Set sum of money or assets available if needed to pay to court or other named person upon a certain event.

Broker Price Opinion

Real estate broker's estimate of property's reasonable selling price; often less than professional appraisal but often more useful because it's a realistic marketing price.

Buydown

Arrangement in which seller pays some or all of buyer's loan costs, usually measured by increments (points) of 1 percent of loan; seller pays enough points so that lender can offer loan at reduced interest rate (and lower monthly payment); cost to seller is small, but the reduction in payments to buyer can be substantial; often structured to reduce interest rates (and payments) in early years of loan. In a 3-2-1 buydown, the seller pays enough points to reduce the buyer's interest rate 3 percent the first year, 2 percent the second year and 1 percent the third year; in the fourth year, the loan interest rate and the monthly payments would return to the normal market rate of interest as set initially.

Capitol Improvement

Permanent structure change that extends useful life and value of a property, such as a new roof.

Certificate of Sale

Document indicating a property has been sold to a buyer at foreclosure sale subject to right of redemption for a set period after the sale; redemption periods vary, but with IRS, it's 180 days; foreclosures often take place without a certificate of sale indicating sale is final or near final, and buyer gets deed instead.

Chain of Title

History of conveyances and encumbrances affecting a title from the time the original patent or right to the land was granted, or as far back as records are available.

Chapter 13

Chapter in the federal Bankruptcy Code that gives wage earner the right to reduce debt payments through a bankruptcy court order according to the terms of a plan that will allow the debtor to pay much or even all of the original amounts owed.

Chapter 7

Chapter in the federal Bankruptcy Code that calls for liquidation; a debtor's nonexempt assets are gathered together and given up or sold for benefit of creditors in order of their priority; debts are not discharged; secured creditors receive continued payments or the asset as collateral for the loan; unsecured creditors usually get little or nothing.

Chattel

Personal property such as household goods or fixtures.

Chattel Mortgage

Mortgage on personal property.

Clear Title

Ownership rights to piece of real estate that are not diminished by liens, leases, or other encumbrances.

Client

Principal who employs and compensates a broker.

Closing Date

Date on which buyer takes over the property.

Cloud on the Title

Outstanding claim or encumbrance that, if valid, affects or impairs owner's title.

Collateral

Additional security pledged for payment of debt.

Collections

Activity in which lenders or their agents employ various techniques to pressure borrowers to pay what's owed.

Color of Title

Apparent invalid title.

Condemnation

Acquisition of private property for public use with what's considered fair compensation to the owner.

Conditional Sales Contract

Contract for sale of property that calls for seller to deliver property, but title remains vested in the seller until conditions of contract are fulfilled.

Condominium

Land ownership arrangement in which one owns an individual unit and a percentage of common area.

Conforming Loans

Loans that meet Federal National Mortgage Association (Fannie Mae) standards.

Conservatorship

When the Federal Deposit Insurance Corporation takes over and runs a bank or S&L until it can be sold either complete or broken down into its major components. (During the S&L crisis of the 1980s, the Resolution Trust Corporation was also involved in conservatorship.)

Consideration

When parties in a contract exchange something of value such as goods, services, or promises.

Constructive Notice

Information someone is assumed by law to have because it could be ascertained by proper diligence and inquiry in public records.

Contingency Fee

Employment arrangement commonly used by attorneys in which payment is a percentage of whatever monetary damages are awarded in a lawsuit's final judgment.

Contract for Deed

Sales arrangement in which seller holds title until buyer completes payment for property and then receives title/deed; terms of sale and payments are set in written contract signed by buyer and seller.

Conventional Lender

Group or individual that makes conventional loans.

Conventional Loan

Private loan not insured or guaranteed by any agency of the federal government.

Conversion

Exchange of personal real property of one character or use for another.

Conveyance

Process of transferring title or some interest in real estate to a new owner.

Correlation

Final state of the appraisal process in which appraiser reviews data and estimates property's value.

Covenants

Agreements written into deeds and other instruments promising performance or nonperformance of certain acts or stipulating certain uses or restrictions on a property.

Coverage

Amount of money insurance company will pay in response to a claim.

Cram-down

Chapter 13 bankruptcy arrangement in which plan to repay lenders and creditors developed by debtor's attorney is ordered into effect by the court; it's *crammed down* on sometimes unwilling creditors.

Credit

Willingness of borrower to repay loaned money; usually measured by borrower's past record of payments on loans and debts as maintained in a *credit report*.

Cured Default

When borrower's failure to make payments or meet the terms of a loan is corrected to the lender's satisfaction.

Current Value

Value of a property at time of appraisal.

Damages

Monetary compensation set by court for loss suffered by party to a lawsuit.

Debt Service

Annual amount to be paid by debtor for money borrowed.

Decree

Final order of a court in many states.

Deed

Legal document commonly used to transfer ownership of real estate from one owner to the next.

Deed in Lieu of Foreclosure

Borrower deeds property, usually to lender, instead of waiting for lender to force sale of house in foreclosure.

Deed of Reconveyance

Instrument that releases and discharges deed of trust.

Deed of Restriction

Limits use of land; might include clauses preventing sale of liquor on property or defining size, type, value, or placement of improvements.

Deed of Trust (Trust Deed)

Type of mortgage given by property owner to secure performance of an act (such as making payments on a loan).

Default

Failure to fulfill duty or promise, or to discharge an obligation; omission or failure to perform an act. In property foreclosure, usually the failure to pay loan installment repayments when they become due.

Defeasance Clause

Part of a mortgage that permits borrower to redeem his or her property on payment of mortgage obligations.

Defeased

To lose ownership; in medieval times ownership rights constituted a fee and to be defeased meant to lose the fee.

Defendant's Original Answer

First responsive pleading of a defendant in a lawsuit.

Deficiency

Money that a borrower who has lost real estate in foreclosure still owes to the lender because the foreclosure sale failed to generate enough money to pay off the loan. Frequently lenders acquire title to real estate at foreclosures and often only credit fair market value of property against balance due on the loan; any unpaid balance on loan after all just credits are applied generally is amount of deficiency. Many states limit or restrict deficiencies.

Deficiency Judgment

A court judgment that the defaulting borrower owes a deficiency.

Delinquency

The state of affairs when payments on a note or other loan obligation are past due.

Demand Note

A note payable on demand of the holder.

Department of Veterans Affairs

Federal government department that guarantees loans and performs other services for veterans; formerly known as Veterans Administration (VA).

Discharge of Indebtedness or Debt

Lender informs borrower a loan does not have to be repaid.

Discovery

Phase of lawsuit when parties may ask each other formal written and oral questions, obtain copies of documents, and in general find out facts related to the lawsuit.

Documentary Transfer Tax

Applicable to transfers of real property, notice of payment entered on face of the deed or on a separate paper filed with the deed.

Double Whammy

When lenders refuse to permit loan assumptions while, at the same time, insisting on hefty prepayment penalty when a nonassumable loan is paid off early.

Down Payment

Initial cash a borrower pays to seller to purchase a property; does not include closing costs.

Due on Encumbrance

Clause in mortgage preventing a borrower from encumbering title to the property with liens, leases, or other encumbrances without the lender's consent.

Due on Sale

Mortgage clause demanding that borrower pay off the loan in full if the house is ever sold; lender can't prevent sale but can demand payment in full on the loan balance. Without a due on sale clause, loan is assumable without lender's consent; older FHA and DVA loans are assumable without lender's consent.

Earnest Money

Down payment made by purchaser of real estate as evidence of good faith.

Earnest Money Contract

Agreement in which seller agrees to sell and the buyer agrees to buy.

Easement

Right that may be exercised by the public or individuals on, over, or through the property of others.

Encroachment

Building, part of building, or obstruction that intrudes on the property of another.

Entry and Possession

Method of foreclosure in some states in which lender, who already owns property, reenters it and takes possession away from borrower, either peacefully or by court order.

Equity

Excess of fair market value over the outstanding loan balance.

Equity Cushion

Amount of equity required before lender will make a loan.

Equity Loan

Junior (subordinate) loan based on a percentage of the equity.

Equity Right of Redemption

Right of property owner to avert foreclosure by paying the debt, interest, and costs.

Equity Skimmer

Scam artist who assumes loan, collects money up front, and possibly rents, then refuses to pay the payments on assumed loan while keeping cash paid up front.

Escrow

Deposit held ready for some use, such as to pay taxes and insurance on a mortgaged property.

Estate

Degree, quantity, nature, and extent of interest (ownership) that a person has in real property.

Estoppel Certificate

Instrument executed by the mortgagor setting forth status of and balance due on mortgage as of date of certificate execution.

Eviction

Legal procedure to forcibly remove a tenant from dwelling.

Exclusive Right to Sell

Agreement to give, for a specified period, only one broker the right to sell a property; if sale during term of agreement is made by owner or any other broker, the broker holding exclusive right is entitled to compensation.

Execution Sale

Sale of property by a sheriff pursuant to a court order.

Extending Loan Term

Giving borrower more time to repay a loan.

Extension Agreement

Accord that extends life of a mortgage.

Fair Credit Reporting Act

Federal law regulating credit bureaus and credit reports that grants individuals certain rights regarding both.

Fair Market Value

Amount a willing and knowledgeable buyer would pay and seller would accept in a property transaction.

Fannie Mae

See *Federal National Mortgage Association*.

FCL

Abbreviation for *foreclosure*, used on borrower's credit record.

Federal Deposit Insurance Corporation (FDIC)

Agency set up by the federal government to insure deposits at banks and S&Ls.

Federal Home Loan Mortgage Corporation (Freddie Mac)

A government-chartered, privately owned entity that buys mortgages from S&Ls.

Federal Housing Administration (FHA)

Federal agency that regulates many aspects of the real estate industry and insures repayment of certain home loans.

Federal National Mortgage Association (Fannie Mae)

Government-chartered, privately owned corporation that buys mortgages from mortgage companies.

Federal Savings and Loan Insurance Corporation (FSLIC)

Corporation formerly run by the federal government that insured deposits in S&Ls; FDIC took over its function; leftover FSLIC deposit insurance funds were transferred to Savings Association Insurance Fund (SAIF).

FHA Guidelines

Rules specifying income and credit requirements for borrower and condition and value of property to allow an insured loan of a specific amount.

FHA Mortgage

Loan insured by Federal Housing Administration.

FHLMC

See *Federal Home Loan Mortgage Corporation*.

First Lien

Debt recorded first against a property.

First Mortgage

Loan with priority as a lien over all other mortgages; in cases of foreclosure, the first mortgage must be satisfied before other mortgages are paid off.

FNMA

See *Federal National Mortgage Association*.

For Sale by Owner (FSBO)

A property marketed by its owner without help of a real estate broker.

Forbearance

Lender voluntarily accepts lower payments than originally agreed to in loan documents for a specific time period to allow borrower to recover financially; borrower eventually must repay missing or reduced payments and all other remaining payments on loan.

Foreclosure

Forced sale of real estate to repay debt.

Fraud

Intentional false statements believed and relied on by an individual who suffered a loss as a result.

Freddie Mac

See *Federal Home Loan Mortgage Corporation*.

Freeze Order

Automatic stay; bankruptcy court order that prevents creditors from attempting to collect debt from individual who declared bankruptcy. Creditors may not undertake foreclosure, repossession, eviction or seizure, or even call or write the debtor demanding payment, and instead must join all other creditors and go through bankruptcy court to seek any money owed them.

FSA

Designation for Federal Savings Association.

Full Assumption

Arrangement in which buyer takes title to property and takes over payments on seller's old loan with the full permission of lender; new buyer also must prove to lender (qualify) adequate income and creditworthiness.

Ginnie Mae

See *Government National Mortgage Association (GNMA)*.

Good Repair

Borrower's obligation to maintain condition of mortgaged property.

Government National Mortgage Association

Also known as Ginnie Mae (GNMA), arm of federal government that purchases loans.

Grace Period

Additional time allowed to perform an act or make payment before a default occurs.

Grant

Term used in deeds of conveyance of land to indicate a transfer.

Grant Deed

Conveyance document that implies grantor (seller) is granting an actual interest and has not previously granted such interest to anyone else.

Grantee

Party to whom the title to real property is conveyed.

Grantor

Person who conveys real estate by deed; the seller.

Guarantee

Federal Insurance, such as from the Department of Veterans Affairs, agrees to cover loss up to a certain dollar figure on a loan made by a private lender if it goes into default and foreclosure.

Hearing

A proceeding in court.

Homestead

Special legal protection that many states give to an individual's principal residence.

Housing and Urban Development (HUD)

Department of federal government that administers housing programs.

Hypothecate

To use something as security without giving up possession of it.

Impound Account

Account held by lender, used to advance payments of certain expenses or charges incidental to property ownership and that may protect lender's security.

Incumbrance

Any right to or interest in property interfering with its use or transfer, or subjecting it to an obligation; with foreclosures, incumbrance likely includes mortgages and unpaid tax claims.

Installment

Parts of the same debt, payable at successive periods as agreed; payments made to reduce a mortgage.

Instrument

Written legal document.

Internal Revenue Service (IRS)

Arm of the U.S. government that collects taxes.

Involuntary Lien

Lien imposed against property without consent of owner—such as taxes, special assessments.

Jeopardy

To have property or liberty subjected to a possibly adverse decree of a court or agency.

Joint Tenancy

Ownership of property by two or more individuals, each with an undivided interest and right of survivorship.

Judgment

Final decision of court.

Judicial Foreclosure

Foreclosure action executed by the court.

Junior Lien Holder

Holder of a right to force sale of property that is subordinate to another lien holder's right to do the same. A junior lien holder who forces the sale of real estate must either pay off senior lien or make arrangements to make payments on it to prevent it from being foreclosed. Foreclosure of first lien eliminates right of junior lien holder to foreclose, but foreclosure of a junior lien does not affect right of senior lien to foreclose.

Junior Mortgage

Mortgage second or subsequent in lien to a previous mortgage.

Land Sale Contract

Document transferring ownership rights but not title that may be used to sell property.

Late Payments

Set amount that may be paid past its due date in accordance with loan documents.

Lease With Option To Buy

Arrangement in which property owner rents to a tenant who has the right to purchase the property on agreed terms.

Lender Approval

Lender's agreement to allow assumption after review of borrower's creditworthiness and income; can also apply to initial loan.

Lender Liability

Holds lenders legally responsible to pay damages for legal misdeeds committed against borrowers in course of making loans.

Liability

Obligation to pay a debt.

Lien

Right to force sale of property to pay a debt.

Lien Holder

Person or institution that controls a lien.

Life Estate

Conveyance of title to property for duration of the life of grantee.

Life Tenant

Holder of a life estate.

Liquidating Plan

Arrangement in which borrower repays missed payments to lender over time.

Liquidation Appraisal

Estimate of property's value in a forced sale (when it's sold quickly); usually less than fair market value.

Lis Pendens

Recorded notice indicating a lawsuit is in progress that could affect title to a piece of land.

Listing Agreement

Accord in which seller hires a real estate broker to sell a property, usually for a commission.

Loan Balance

Amount a borrower owes on a loan.

Loan Modification

Procedure in which a loan's terms, such as interest rate, monthly payment, or duration, are altered.

Loan Officer

Person who is paid commissions to find and sign up borrowers for loans.

Loan Pool

Group of mortgages in which investors own shares.

Loan Processor

Person who gathers and prepares paperwork used by lender to determine whether to make loan.

Lot Book Report

Document from title company that identifies encumbrances recorded against a particular property; does not identify liens recorded in the name of the owner that may affect property.

Marketable Title

Property title considered free from defect by court that will enforce its acceptance by purchaser.

Maven

(Also Mavin or Mayvin) Regarded by cohorts as a trusted expert in a particular field, and who seeks to pass his or her knowledge

on to others.

Mechanic's Lien

Claim that secures the price of labor done on and materials furnished for uncompensated improvements.

Metes and Bounds

Land description that sets forth all boundary lines together with their uncompensated improvement.

Misrepresentation

Making false statements in the course of a business transaction.

Mortgage

Instrument in writing, duly executed and delivered, that creates a lien on real estate as security for payment of specified debt, usually in the form of a bond.

Mortgage Commitment

Formal indication made by lender that grants a mortgage loan on property for a specified amount and terms.

Mortgage Company

Group that makes home loans to borrowers; most then resell the loans on secondary market to loan buyers but continue to service the loans under contracts, collecting payments from borrowers and handling trouble (such as default and foreclosure) with the loan.

Mortgage Guaranty Insurance Corporation (MGIC)

Major private insurer of mortgage loans in the United States.

Mortgage Instrument

Legal paperwork to create mortgage.

Mortgage Lien

Right of lender to force sale of mortgaged property if borrower fails to repay the loan as agreed.

Mortgage Reduction Certificate

Instrument executed by mortgagee that gives status of and balances due on loan as of the date document is executed.

Mortgagee

Lender.

Mortgagee's Title Policy

Title insurance policy that will pay off lender's loss if title to the mortgaged property fails.

Mortgagor

Borrower.

Motion to Lift Stay

Formal request to bankruptcy court to dissolve an automatic stay that prevents a lender from foreclosing; once granted, lender may proceed to foreclose unless borrower can keep up payments.

Negative Equity

Position in which outstanding loans on property exceed its worth.

Non-judicial Foreclosure

Foreclosure on a mortgage without filing lawsuit or obtaining court order; generally occurs because borrower has signed document such as deed of trust that gives trustee right to sell property to pay off debt.

Notary Public

Person legally authorized to take sworn affidavits and certify certain classes of documents, such as deeds, contracts, mortgages.

Note

Legal document specifying terms of a loan (including rate, duration, provisions dealing with failure to pay in timely manner).

Notice Of Default

Letter sent to party as reminder loan has not been paid; may include a grace period and penalties for failing to cure the default.

Notice Of Rescission

Document that cancels notice of default.

One Action Rule

Rule of law, used heavily in California, forcing lender to bring only one court action or proceeding against a borrower in foreclosure; hampers lender's ability to obtain deficiency judgment.

Open Mortgage

A mortgage that has matured or is overdue and, therefore, may be foreclosed at any time.

Origination

Creation of a loan.

Owner-Occupied

Home used by borrower as his/her primary residence.

Partial Payments

Those that are less than the full amount borrower owes on a loan.

Performance Bond

Used to guarantee completion of an endeavor in accordance with a contract.

Plat Book

Public record containing maps of land showing division into streets, blocks, and lots and indicating the measurements of individual parcels.

PMI-Assisted Presale

Private mortgage insurance (PMI) company pays part of loss when house with negative equity (loans exceed property value) is sold by regular means prior to foreclosure.

Points

Discount charges by lenders that raise loan yields.

Positive Equity

When a property's value exceeds amount due on mortgage.

Posting

Placing legal notice of foreclosure sale on public display as legally specified.

Power Of Attorney

Document signed and executed by owner of property that authorizes agent to act on his/her behalf.

Power-Of-Sale Clause

Portion of deed of trust or mortgage in which borrower preauthorizes sale of property to pay off loan balance in case of default.

Prepays

Costs of purchasing home that buyer pays at closing to a third party.

Prepayment Clause

Statement in mortgage granting mortgagor right to pay off debt early.

Primary Lender

Lender that deals directly with borrower.

Private Mortgage Insurance (PMI)

Insurance that protects a lender in the event borrower defaults on loan.

Property Condition

Property's physical state.

Prorations

Allocation of closing costs and credits to buyers and sellers.

Purchase Money Mortgage

Mortgage given by grantee in part payment of purchase price of real estate.

Qualifying

Process lender undertakes prior to agreeing to make a loan that evaluates a buyer's income and credit, the property's physical condition, and compares figures with the lender's guidelines.

Quiet Title Suit

Lawsuit to ascertain legal rights of an owner to a certain parcel of real property.

Quitclaim Deed

Conveys grantor's rights or interest in real estate; generally considered inadequate except when interests are being passed from one spouse to the other.

Real Estate Owned (REO)

Property acquired by lender through foreclosure and held in inventory.

Recasting

Restructuring loan with new interest rate and term; can be same loan from same lender.

Receivership

What happens when FDIC takes over bank to liquidate its assets; REO is taken over by FDIC's liquidation division; existing contracts with institution can be voided at the option of the FDIC.

Recording

Act of writing or entering in public record instruments affecting the title to real property.

Recourse

Right to claim against prior owner of property or note.

Redemption

Right of mortgagor to property by paying debt before sale at foreclosure; right of owner to reclaim property after its foreclosure sale to settle claims for unpaid taxes.

Refinance

Process of replacing old loan with new one, usually at lower interest rate.

Release Clause

Statement in mortgage that gives property owner right to pay off part of debt, thus freeing part of property from mortgage.

Release Of Liability

Document relieving individual's obligation to pay loan; may be obtained when buyer takes over payments on seller's old loan if buyer meets lender's standards for income and creditworthiness.

Relief

Various types of special payment plans or other assistance offered to borrowers who have missed payments; enables borrower to bring loan current.

Removal

Process of transferring a case from state to federal court.

Repayment Plan

Plan for repaying missed payments over time.

Request For Notice Of Default

Document that under statutory provisions allows certain interested parties to request and be entitled to notification of default.

Right Of Rescission

Authorization to back out of contract.

Right Of Survivorship

Opportunity for surviving joint owner to take over interests of deceased joint owner; a distinguishing feature of joint tenancy or tenancy by the entirety.

Sales Contract

Legal document in which buyer and seller agree to terms of sale.

Satisfaction Piece

Receipt for paid-off mortgage.

Scire Facias

Court order to borrower to attend hearing and show cause why foreclosure should not be authorized.

Second Deed Of Trust

Subordinate position to another deed of trust securing same parcel.

Second Mortgage

Mortgage made by home buyer in addition to existing first mortgage.

Secondary Market

The market in which investors buy loans from primary lenders, who deal directly with borrowers to originate loans.

Servicing

Process of administering mortgage loan including collecting payments, maintaining insurance, and undertaking special measures such as workouts and foreclosures as necessary.

Short Sale

Workout procedure in which lender accepts less than full balance due on loan as part of deal in which borrower cooperates with lender to obtain quick sale.

Simple Assumption

Arrangement in which seller conveys property's title to buyer and moves out while buyer moves in and makes payments on old loan; lender does not qualify buyer's credit and income, so this may be a *no-approval loan*; seller remains liable on old loan under such circumstances. (Only loans without strong *due on sale* clauses are assumable without approval, including DVA loans made before March 1, 1988; FHA loans made before December 15, 1989; and conventional loans made before 1973.)

Special Assessment

Assessment made against a property to pay for a public improvement.

Strict Foreclosure

Legal premise in some states that gives lender ownership to property, allows borrower to be evicted for nonpayment, and then gives lender full and complete title by waiting a set time period until borrower's right to redeem ends (lender also gets any property value in excess of what's owed on loan).

Subdivision

Tract of land divided into lots or plots.

Subject-To Clause

Statement in a deed that transfers title from seller to buyer in an assumption transaction, or in other paperwork for the assumption transaction, in which buyer refuses to accept legal liability to make payments, although buyer expects to make them; lender's remedy for nonpayment is limited to foreclosure, and lender can't sue defaulting buyer for missed payments on the loan balance.

Subordinate Clause

Statement in a mortgage that gives priority to mortgage taken out at later date.

Subrogation For Mortgage Insurers

Right of mortgage insurance company to file suit to recover losses due to borrower's default from the money borrower already paid to lender.

Summary Judgment

Legal procedure in which one side wins lawsuit without trial by showing the case involves no material fact issues but only legal issues that can be decided by the judge; if judge agrees, then one side wins by *summary judgment*.

Survey

Process by which parcel of land is measured and its area ascertained; also the blueprint showing measurements, boundaries, and area.

Tax Sale

When property is sold after a period of nonpayment of taxes.

Temporary Injunction

Court order freezing the status quo for extended time period, typically until full court trial can determine merits of case; can require posting bond, though many states' laws waive that in cases involving home foreclosure.

Temporary Restraining Order

Court command that freezes status quo for short time until other legal relief is awarded or settlement between litigants can be reached.

Tenancy At Will

A license to use or occupy lands and tenements at the will of the owner.

Tenancy By The Entirety

An estate that exists only between husband and wife with equal right of possession and enjoyment during their joint lives and with right of survivorship.

Tenancy In Common

Ownership of real estate by two or more people, each of whom has an undivided interest without right of survivorship.

Title

Evidence of ownership of land.

Title Defect

Unresolved claim against ownership of property that prevents presentation of marketable title; such claims may arise from failure of

owner's spouse or former part-owner to sign deed, as well as from current liens against property or interruption in title's records of property.

Title Insurance

Insurance policy that protects holder from any loss caused by defects in title.

Title Report

Document indicating current state of title, including easements, covenants, liens, and any other defects; does not describe the chain of title.

Title Search

Examination of public records to determine ownership and encumbrances affecting real property.

Trust Deed

A type of mortgage that gives lender the power to foreclose and take title away from borrower.

Trustee

Person named in deed of trust or other mortgage to conduct any foreclosure proceedings and sell property to pay off mortgage loan balance.

Trustee's Deed

Type of deed issued to buyer at foreclosure by trustee.

Trustee's Sale

Non-judicial action in which trustee may auction and sell property secured by a deed of trust subsequent to default in terms and conditions of loan.

Trustee's Sale Guarantee

Title insurance policy for benefit of trustee handling foreclosure action.

Truth In Lending Act

Federal law that requires lenders to make certain disclosures (such as interest, annual percentage rate, total cost of loan, total of all payments, and use of disclosure forms at the loan application and closing) to borrowers concerning loan.

Turnover Order

Court command to debtor to give title to certain assets to creditor.

Underwriter

Person who makes final decision at most mortgage companies on whether loan should be granted or not.

Undivided Interest

Ownership of real estate by joint tenants or tenants in common under the same title.

Upside-Down Home

A house worth less than what is owed on mortgage it secures.

Vendee's Lien

A lien against property under contract of sale to secure a deposit paid by purchaser.

Verification Of Deposit

Form sent to bank by lender to verify that borrower has certain sum on deposit.

Verification Of Employment

Form sent to employer by lender to verify borrower is employed at certain salary.

Veterans Administration

See *Department of Veterans Affairs*.

Wage Earner's Plan

Nickname for Chapter 13 bankruptcy.

Warranty Deed

Conveyance of land in which grantor guarantees title to grantee.

Without Recourse

Words used in endorsing note or bill to denote that future holder is not to look to endorser in case of nonpayment.

Workout

Process in which borrower comes to mutually acceptable financial arrangement with lender to avoid impending foreclosure.

Wraparound

Type of mortgage in which obligation to pay second or later lien includes obligation to pay earlier lien mortgage; later mortgage wraps around the earlier mortgage; default on earlier-lien mortgage is automatically a default on later-lien mortgage.

Wraparound Loan

New loan encompassing any existing loans.

Writ of Execution

Court order authorizing holder to seize and sell debtor's property to pay off judgment.

Writ of Garnishment

Court order commanding someone who holds assets for another (for example, a banker who holds funds on deposit, employer who holds a paycheck, or a stock broker who holds account for investor) to give those assets up to creditor.

Writ Of Possession

Court document authorizing constable or other law officer to break down tenant's door, drag tenant from premises, and throw tenant's belongings out of house or apartment.

Wrongful Foreclosure

Foreclosure that was legally improper and caused borrower to suffer damages.