

- **Abstract:** a succinct summary such as an abstract of title or abstract of judgment
- **Acceleration Clause:** A clause in a mortgage that if the debtor defaults the lender has the option of declaring the entire debt due after demand
- **Adjustable Rate Mortgage (Arm):** A loan with an interest rate that fluctuates based on a specified financial index, such as Treasury securities, or the 11th District Cost of Funds, etc.
- **Affirmative Defenses:** Any defense which defendants have to the foreclosure action.
- **Appraisal:** A valuation or an estimation of value of property by disinterested persons of suitable qualifications; the process of ascertaining a value of an asset or liability that involves expert opinion rather than explicit market transactions.
- **Arrears:** Being overdue in an installment payment.

- **Balloon Payment:** A final payment of a mortgage loan that is considerably larger than the required periodic payments because the loan amount was not fully amortized.
- **Bankruptcy:** An action filed in a federal bankruptcy court that allows a creditor to reorganize or discharge credit obligations due to insolvency. A property owner may halt foreclosure action by filing bankruptcy. Bankruptcies remain on a credit record for seven years and can severely limit a person's ability to borrow.
 - Chapter 7 - "Debtor Wipeout" The court oversees the liquidation of the debtors' non-exempt assets, distributing the cash proceeds proportionally amongst their creditors.
 - Chapter 11 - This is a business reorganization proceeding.
 - Chapter 13 - "Debtor Workout" The purpose of this proceeding is to give a "wage earner" time for rehabilitation . . . a temporary respite free from the collection efforts of creditors.
- **Bill of Sale:** Written document by which title to personal property (goods or chattels) is transferred from one party to another.
- **Borrower:** He to whom a thing or money is lent at his request.
- **Buy-Down mortgage:** A financing technique used to reduce the monthly payments for the first few years of a loan. Funds usually points are given to the lender by seller to buy down or lower the effective interest rate paid by the buyer, thus reducing the monthly payments for a set time.

- **Debt:** A sum of money due by a certain and express agreement; a specified sum of money owing to one person from another, including not only obligation of debtor to pay but the right of the creditor to receive and enforce payment.
- **Debt Ratio:** To compare the total monthly payments of all of the borrower's debts (including the mortgage) with the gross monthly income of the borrower. It evaluates the borrower's ability to pay mortgage. Also called Debt-to-Income ratio.
- **Decree of Foreclosure:** A court order to set out the outstanding amount on a delinquent mortgage in order to sell the property to pay the mortgagee.
- **Deed:** A written instrument that, when executed and delivered, conveys title to or an interest in real estate.
- **Deed in lieu of foreclosure:** A process whereby the owner, with the approval of the lender, deeds the property to the lender to avoid foreclosure. Lenders are generally reluctant to accept a "deed in lieu" unless the title is free and clear of any other encumbrances junior to theirs and the owners execute an estoppel affidavit acknowledging that they are acting volitionally, with informed consent.
- **Default:** The failure to make payments in full, on time or at all or to live up to any other obligations placed on the borrower by the loan agreement.
- **Default Judgment:** A judgment entered as a result of the Defendant's failure to file a responsive pleading to the complaint.
- **Deficiency judgment:** A judgment entered in a lawsuit when a property is sold for less than the amount of the loan.
- **Department of Housing and Urban Development (HUD):** A federal department that focuses on programs regarding housing and renewal of city communities.
- **Department of Veterans Affairs (VA):** An independent federal agency which oversees programs for military veterans, including loan and mortgage programs. This agency allows most veterans to purchase a house without a down payment.

- **Certificate of Sale:** A certificate issued at a judicial sale that entitles the buyer to receive a deed after confirmation of court for the purchase of the property
- **Collateral:** Real estate or personal property which is pledged as security for a debt.
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- **Complaint:** The original or initial pleading by which an action is commenced; a written statement of the essential facts constituting the offense charged.
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- **Creditor:** One to whom money is owed.

- **Encumbrance:** Anything, such as a mortgage, tax, or judgment lien, an easement, a restriction on the use of the land or an outstanding dower right that may diminish the value or use and enjoyment of a property.
- **Equity Right of Redemption:** The right to avoid foreclosure action by paying off the debts, interest, and fees that have accumulated on the property.
- **Escrow Account:** A bank account generally held in the name of the depositor and an escrow agent which is returnable to the depositor or paid to a third person on the fulfillment of a condition.
- **Eviction:** The act of depriving a person of the possession of land or rental property that he has held or leased.
- **Fair Market Value:** The amount at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the relevant facts.
- **Fannie Mae:** Its an official name of the Federal National Mortgage Association which is one of the largest agencies that buys mortgages from lenders and resells them as securities on the secondary mortgage market.
- **FHA:** Stands for Federal Housing Administration. It's a branch of H.U.D. It's basic function is to direct housing in a way that Congress mandates by issuing mortgage insurance to institutional lenders on the loans they make. With such loan insurance, lenders are willing to lend with smaller down payments and at lower rates of interest.
- **Foreclosure:** A legal procedure whereby property used as security for a debt is sold to satisfy the debt in the event of default in payment of the mortgage note or default of other terms in the mortgage document. The foreclosure procedure brings the rights of all parties to a conclusion and passes the title in the mortgaged property to either the holder of the mortgage or a third party who may purchase the realty at the foreclosure sale, free of all encumbrances affecting the property subsequent to the mortgage.
- **Good Faith Estimate:** Institutional lender estimates the costs a borrower will incur, including inspection fees and loan-processing charges.
- **GSE:** Government Sponsored Entity such as Fanny Mae or Freddie Mac
- **Grace Period:** A period of days during which a debtor may cure a delinquency without penalty (before triggering a late charge, a foreclosure or an acceleration of the balance due).

- **HAFAs:** Home Affordable Foreclosure Alternatives. An expansion to the Home Affordable Modification Program (HAMP) to include provisions and incentives for servicers to allow short sales or deeds-in-lieu as positive options for eligible homeowners in default who wish to avoid foreclosure
- **HAMP:** Home Affordable Modification Program allows qualified borrowers to modify their mortgages to more favorable terms:
- **HARP:** Home Affordable Refinance Program allows eligible borrowers who are current on their mortgages and unable to take advantage of lower interest rates due to decreased value in their home the opportunity to refinance.
- **Home Equity Line of Credit:** A loan that is secured by the owners property which can be repaid and borrowed again at the owners convenience.
- **Home Equity Loan:** Owners who borrow against the equity in their homes.
- **HUD 1 Statement:** A form, usually given by a bank, that includes the costs of purchasing a home.
- **Indemnify:** Any losses and damages endured by another person that you are fully responsible for.
- **Involuntary lien:** A lien issued against a property without the owners approval.
- **IT Platform:** A secure depository on line for maintaining records.

- **Joint Ownership:** When two or more parties own the same property.
- **Judgment:** The final decision of the court resolving the dispute and determining the rights and obligations of the parties.
- **Judicial Foreclosure:** A foreclosure process which is executed via a court action.
- **Junior lien:** A lien that is subordinate or junior to a senior lien.
- **Lease:** An agreement involving payment of rent for possession of real estate for a specific period of time.
- **Lease Option:** A lease that contains the right to purchase a property for a specific price during a given time frame.
- **Lender:** He from whom a thing or money is borrowed.
- **Lien:** A claim or charge on a property for payment of some debt, obligation or duty.
- **Life Estate:** An estate whose duration is limited to the life of the party holding it.
- **Lis pendens:** A term meaning "legal action pending" that gives notice of an action or proceeding affecting the title of the property.
- **Loss Mitigation Department:** A department which helps homeowners avoid foreclosure; the lender tries to help a borrower who has been unable to make loan payments and is in danger of defaulting on his or her loan

- **Net Present Value-** A tool used by services participating in the HMP for deciding whether to modify a troubled mortgage that is eligible under the program.
- **Notice of Default (NOD):** A notice that is sent out by the lender when a mortgage payment is late in an attempt to cure or make the loan current.
- **Notice of Rescission:** A legal document used when the defaulting party has cured or corrected the default
- **Notice of Sale:** The notice of an impending foreclosure sale required by the state. It recites the legal description of the property being foreclosed upon and gives the time, date and place of the pending sale.
- **Offer to Purchase:** A contract expressing of a person's willingness to purchase a certain property on terms expressed in the offer.
- **Owner Financing (Seller Financing):** A creative method in real estate where the seller of a property agrees to finance all or some of the property. In a sense, the owner acts like a bank.

- **Pooling:** A group of related instruments such as mortgages which are combined for resale on a secondary market.
- **Power of Attorney:** A written document signed by the owner which authorizes someone else to act in behalf of the owner.
- **Power of Sale:** A clause commonly inserted in mortgages and deeds of trust that are in default, giving the mortgagee (or trustee) the right and power to advertise and sell the mortgaged property at public auction to satisfy the debt.
- **Pre-Foreclosure:** Term used to discuss delinquent properties before they go to the foreclosure auction.
- **Quit Title:** An action at law to remove an adverse claim or cloud from the title of property.
- **Quit Claim Deed:** A deed of conveyance that releases any title, interest, or claim, which the grantor may have in the premises.
- **Real Estate Owned (REO):** Property acquired back by the lender after it has gone to auction.
- **Recorder:** A public official that is responsible for keeping all the records of real estate transactions. In Florida it is the Clerk of the Circuit Court
- **Redemption Period:** The time allotted to the mortgagor to reclaim his/her property after it has been sold at an auction. Not all states have a redemption period.

- **Sales Contract:** A contract to which the buyer and seller agree to terms of sale.
- **Second Mortgage:** A second loan placed upon a property in addition to an existing first loan.
- **Servicer:** The servicer is YOUR mortgage company. It is the company that handles the day-to-day tasks associated with managing your loan. Their duties include but are not limited to: collecting and remitting loan payments, responding to borrower inquiries, making advances when required, accounting for principal and interest, Holding funds for payment of property taxes and hazard insurance (also called Managing your escrow account), making any physical inspections of the property, counseling delinquent mortgagors, and supervising foreclosures and property dispositions in case of defaults
- **Seller Financing:** A creative method in real estate where the seller of a property agrees to finance all or some of the property. In a sense, the owner acts like a bank.
- **Sheriff's Sale:** The sale of a property to satisfy a debt or judgment.
- **Short Sale:** The sale of a property under or at market value that's lower than the loan balance.
- **Subject To:** The transfer of rights to pay a debt from one party to another, with the original party remaining liable for the debt if the second party defaults.
- **Summary Judgment:** A judgment entered by the court without a trial when no defenses of law or fact are raised by the answer to the complaint.
- **Survey:** The process by which a parcel of land is measured and its boundaries and contents set forth.

- **UCC:** Uniform Commercial Code; uniform laws drafted by the National Conference of Commissioners on Uniform State Laws governing commercial transactions.
- **Unsecured debt:** Debt not secured by collateral.
- **Upset price:** The opening bid amount that begins the auction bidding during a foreclosure sale.
- **VA Loans:** A program that allows the purchase of a house without a down payment to most veterans.
- **Vacate:** To make vacant or empty.