

- FHA Loans: Loans administered by the Federal Housing Administration
- VA Loans: Loans guaranteed by U.S. Dept. of Veterans Affairs
- RHS Loans: Loans guaranteed Rural Housing Service
- Ginnie Mae Loans: Securities backed by pools guaranteed by Ginnie Mae which is a division of HUD
- State and Local Housing Programs: Financing programs offered by states, counties and cities
- Conforming Loans: Loans that follow guidelines set forth by Fannie Mae and Freddie Mac.
- Jumbo Loans: Loans above the maximum loan amount established by Fannie Mae and Freddie Mac.
- B/C Loans (May also be called B, C and D paper loans): Loans that do not meet the borrower credit requirements of Fannie Mae and Freddie Mac as opposed to “A” Loans which conform.
- Fixed Rate Mortgages (FRM): The terms of the mortgage (interest rate and monthly payments) remain fixed throughout the period of the loan.
- Home Equity Line of Credit (HELOC)- A second mortgage for a predetermined limit which the borrower may draw upon periodically up to that limit.

- Principle, Interest, Tax and Insurance (PITI) are generally the components that make up a mortgage payment.
 - PITIA: Now frequently used by lenders and refers to principle, interest, taxes, insurance and homeowner association dues
- Home Equity Loan (HEL) is a second mortgage where a lump sum is borrowed and repaid at fixed rates and fixed monthly payments over a predetermined term.
- Bi-Weekly Mortgage Plan: Instead of paying the loan monthly, it is paid bi-weekly and results in one extra payment per year.
- Balloon Loans: Loans that do not amortize over the full period of the loan which results in a lump sum payment being due at the end of the loan period.
- Adjustable Rate Mortgages (ARM) A loan whose interest rate, and accordingly monthly payments, fluctuate over the period of the loan the interest rate of which is based upon changes in a defined index.
 - Option ARMS (Flexible Payment ARMS) Interest rates adjust every month with no adjustment caps.
 - Exploding ARM-Adjustable rate mortgages for which the interest rate escalates so quickly that borrowers are unable to meet the monthly payments.

- **Negatively Amortizing Loans:** An ARM with payment caps rather than interest caps, which limit the amount of the monthly payments. If the interest rate rise to the point that the monthly mortgage payment does not cover the interest due, any unpaid interest will be added to the loan balance so the balance may increase. On these types of loan, the interest rate may adjust monthly.
- **Subprime Mortgages:** loans that are in the riskiest category of consumer loans and are typically sold in a separate market from prime loans.
- **Private Mortgage Insurance (PMI):** Mortgage Insurance to protect lenders against loss if a borrower defaults. It is usually required if the loan with a loan-to-value ration of less than 80%.

- Combined (Hybrid) Loans: Combinations of fixed and ARM loans. There are several types
 - Fixed period ARMS: A fixed period during which the loan's interest rate does not change. After that period, it generally adjusts annually
 - Two-Step Mortgages: Loans that have a fixed rate for a certain time (usually 5 or 7 years) and then the interest rate changes to a current market rate. At that point, the new fixed rate continues for the remaining 23 or 25 years.
 - Convertible ARMS: ARMS with an option to convert it to a fixed rate mortgage at designated times during the adjustment rate.
 - Graduated Payment Mortgages: (GPM): Loans with payments starting low and gradually increasing at predetermined times. The monthly payments will eventually be higher to catch up from the lower payments. In fact, this is a form of negative amortization mortgages.

- Buydown Mortgage: A loan which begins with a discounted interest rate which gradually increases to an agreed-upon fixed rate generally within one to three years. To reduce the monthly payments during the first few years, an initial lump sum is paid to the lender.
 - 2-1 buydown: The interest rate increases for the first two years and the borrower must repay the difference between the amount of payments at the lower rates (Note: 3-2-1 and 1-0 buydowns are available but less common).
 - Compressed buydowns works the same way but the interest rate changes every six months instead of yearly.

- Reverse Annuity Mortgages (RAM) is a low-interest loan for senior homeowners that uses a home's equity as collateral. The loan amount is a percentage of the home's value determined by the age of the youngest homeowner. The loan does not have to be repaid until the last surviving homeowner permanently moves out of the property or passes away. At that time, the estate has approximately 12 months to repay the balance of the reverse mortgage or sell the home to pay off the balance. All remaining equity is inherited by the estate. The estate is not liable if the home sells for less than the balance of the reverse mortgage.
- Interest only Mortgages: Loans that allow the borrower to pay only the interest on the loan for a predetermined period. The principle is not reduced during this period leaving the balance the same during the interest only period. When the period ends, the payments are changed to not only amortize the loan, and are more because the balance is then amortized over a shorter period

- **Classification of Residential Mortgages**
 - Conventional loans are usually between \$50,000 and \$417,000
 - Jumbo Loans start at the FNMA loan Limit (\$417,000) and go to \$650,000
 - Super Jumbo Loans begin at \$650,000 and go up to \$20,000,000
- **Seller Assisted Mortgages:** The seller of the home helps with the financing by underwriting all or part of the loan.
- **Simple Interest Mortgages:** Interest is not paid on interest and is accrued daily rather than monthly.
- **Compound Interest Mortgage:** Interest is paid on interest and accrues monthly.

Subprime Nomenclature

- Foreclosure Rescue: the Borrower transfers the home on the promise that the arrearages will be paid off by the new owner
- Liar's Loans: A come-on to potential home buyers where mortgage companies have told the borrower to lie about their finances
- Ninja Loans: No income, no job or assets, loans made by unscrupulous lenders to unqualified borrowers.
- No Document or low document loans: No documentation or little documentation loans where the mortgage company took the borrower's representations at face value
- One-stop shop: Fraudulent package services are offered including house, mortgage lawyer, inspector and appraiser.
- homes by sending the keys to the lender.

- Property flipping: Speculators buy homes in neighborhoods where many foreclosures have occurred. They buy at low prices and quickly resell them, with fraudulent over-appraisals.
- Upside down: The status of homeowners who owe more than their houses are worth.
- Jingle mail: The term coined for borrowers who have abandoned their