"A" Loan: An "A" loan is the credit industry term used to describe a loan that reflects the best possible interest rate, terms, and conditions. Consumers need to demonstrate good credit in order to secure an "A" loan.

Adjustable-Rate Mortgage: Also known as a variable-rate loan, ARMs usually offer a lower initial rate than fixed-rate loans. The interest rate can change at specified time periods based on changes in an interest rate index that reflects current finance market conditions. The ARM promissory note states the index that is used to determine your interest rate (for example, the Treasury index). The promissory note also states maximum and minimum rates. When the interest rate on an ARM increases, the monthly payments will increase and when the interest rate on an ARM decreases, the monthly payments will be lower.

Amortization: Amortization is the term used to describe the gradual reduction of the outstanding balance of the loan as the amount of the loan is gradually paid down over a predetermined period of time at a specific interest rate.

Amortization Schedule: Provided by mortgage lenders, the schedule shows how over the term of your mortgage the principal portion of the mortgage payment increases and the interest portion of the mortgage payment decreases.

Annual Fee: An annual fee is a once-a-year charge imposed by many credit card issuers. This fee is in addition to the interest charged on purchases and cash advances.

Appreciation: Appreciation is the term used to describe an increase in the market value of a home due to changing market conditions and/or home improvements.

APR: The APR (annual percentage rate) is the cost of credit expressed at a yearly rate which includes the interest and certain fees that a borrower is required to pay for a loan. The APR tells the annual cost of borrowing money based on the loan amount, interest rate, added fees, and term; thus, it may be higher than an advertised interest rate.

Assets: Everything of value an individual or entity owns.

Assumption: Alternative to foreclosure that permits a qualified buyer to take over a mortgage debt and payments from the delinquent homeowner.

ATM: ATM is the term used to refer to an automated teller machine. These machines typically offer consumers convenient access to fund withdrawals, deposits, transfers, and balance inquiries.

Automated Underwriting: Automated underwriting systems are designed to dramatically speed up the lending process by assessing key borrower information such as employment, income, assets, liabilities, credit history, debt ratios, and property securing the loan. Lenders rely on these systems to identify the risk characteristics of the mortgage loan transaction. Automated underwriting systems never use factors such as a borrower's race, ethnicity, age, or any other factor prohibited by the nation's fair housing laws to approve or deny a loan. The final approval may still fall to the underwriter as each of the 4 Cs (capacity, capital, credit, and collateral) is evaluated based on additional criteria that the lender may have.

"B" or "C" Loan: A "B" or "C" loan is the credit industry term used to describe a loan that reflects less than the best possible interest rate, terms, and conditions. Consumers with negative or derogatory credit may be offered "B" or "C" loans. These loans always impose a higher interest rate and fees.

Bad Debt: Bad debt is the term used by the credit industry for loans or debts which have been unpaid by the borrower or have gone into default. Bad debts are typically turned over to a collection company to attempt to collect the outstanding balance of the loan or debt.

Balance: The amount of money you have in your bank account. It can also refer to the amount owed in a credit account or loan.

Balloon Mortgage: A mortgage with monthly payments based on a 30-year amortization schedule and the unpaid principal balance due in a lump sum payment at the end of a specific period (usually 5 or 7 years) earlier than 30 years. The mortgage may contain an option to reset the interest rate to the current market rate and to extend the maturity date provided certain conditions are satisfied.

Bank: A federally regulated financial institution that offers you a place to keep your money and uses it to make more money. Banks make loans, cash checks, accept deposits, and provide other financial services.

Bankruptcy: Bankruptcy is the term used to describe the legal process undertaken by individuals in the situation of being unable to pay his or her debts. Although there are several types (chapters) of bankruptcy, consumers generally may explore either Chapter 7 Bankruptcy or Chapter 13 Bankruptcy. Chapter 7 Bankruptcy results in "liquidation" of the debtor's assets, meaning that most assets are sold to pay as much debt as possible. The rest of the debt is forgiven or "discharged." Chapter 13 Bankruptcy is used for "rehabilitation" of the debtor, meaning that at least a portion of all debt is repaid according to a plan set up by the bankruptcy court.

Binding Mandatory Arbitration: A third party arbitrator decides the outcome of your dispute, eliminating your right to present your case in court.

Borrower: Borrower is the term for the person or entity using someone else's money or funds to purchase something. The term borrower can generally be used interchangeably with the term debtor.

Branch Manager: The person who supervises the bank operations and helps fix problems that cannot be solved by other bank workers.

Capacity: Capacity is another term for income. Lenders examine the ability of a potential borrower to demonstrate that his or her income is sufficient to repay a loan.

Capital: Capital refers to the cash reserves (savings), investments, or assets possessed by an individual.

Cash Reserves: Cash reserves is another term for capital. Cash reserves may take the form of savings, money market funds, or other investments which may be converted to cash.

Charge-offs: A charge-off is the term used to describe loans or debts which have gone unpaid by the borrower. Simply put, in the case of a charge-off, the creditor "gives up" on collecting payment and reports the "charge-off" to the credit reporting agency for inclusion on an individual’s credit report. Most lenders, however, regard “charge-offs” as debts which are still owed.

Checking Account: An account that lets you write checks to pay bills or to buy goods. The financial institution takes the money from your account and pays it to the person named on the check. The financial institution sends you a monthly record of the deposits made and the checks written.

Closing Costs: Closing costs are the costs to complete the real estate transaction. These costs are in addition to the price of the home and are paid at closing. They include points, taxes, title insurance, financing costs, items that must be prepaid or escrowed, and other costs. Ask a lender or real estate professional for a complete list of closing cost items.

Co-signer: A co-signer is a term used to describe an individual who signs a loan or credit application with another person and promises to pay if the primary borrower doesn’t repay the loan.

Collateral: Collateral is the borrower's pledge of property to a lender to secure repayment of a loan. Relative to home mortgages, collateral is the property the borrower wishes to purchase. If the debtor fails to pay the loan, the creditor may force the debtor to sell the collateral to satisfy the debt or may foreclose and repossess the property to satisfy the debt.

Collection Account: A collection account is the term used to describe a loan or debt that has been referred by a creditor to an agency whose primary business is to collect outstanding debt obligations. These types of accounts will normally appear on the debtor’s credit report.

Compensating Factors: Compensating factors is the term used by lenders in relation to examining a borrower’s credit strengths and weaknesses. If a buyer is exceptionally strong in one area, such as cash reserves, he or she may be weaker in another area, such as less than perfect credit due to late payments. In this case, the cash reserves may compensate for the derogatory credit.

Credit: Credit is the concept of using tomorrow’s money to pay for something you get today. Credit is a promise to repay a debt for goods and services. Credit may be extended via several means, including credit cards, personal loans, car loans, and home mortgages.

Credit Counseling: Counseling that helps people manage money and credit and prepare them for homeownership.

Credit Grantor: Credit grantor is the term used to describe the person, financial institution, or entity which is providing a loan or credit.

Credit History: A credit history is a record of credit use. It is comprised of a list of individual consumer debts and an indication as to whether or not these debts were paid back in a timely fashion or “as agreed.” Credit institutions have developed a complex recording system of documenting your credit history. This is called a credit report.

Credit Repair Companies: Credit repair companies are private, for-profit businesses that claim to offer consumers with credit and debt repayment difficulties assistance in “fixing” their credit problems and/or “fixing” an impaired credit report.

Credit Report: A credit report provides a history of your use of credit. Specifically, it's a file maintained by a credit reporting agency that contains information about a person, such as where the individual works and lives; information reported to the credit reporting agency by creditors regarding money borrowed and payments made; and public record information, such as whether the person has filed for bankruptcy.

Credit Reporting Agency: A credit reporting agency is a company that collects and retains credit information on all persons using credit and provides that information in the form of a credit report to lenders or creditors for a fee. A credit reporting agency is also commonly referred to as a credit bureau.

Credit Risk: Credit risk is the term within the credit industry to refer to the level of risk or likelihood of an individual borrower's future or potential default.

Credit Score: A credit score is a numerical value determined by a statistical model based upon past credit behaviors, which predicts the likelihood of future loan default.

Credit Union: A federally regulated cooperative financial institution that is owned by the people who use its services. Credit unions serve groups that share something in common, like where they work or go to church. You have to become a member of the credit union to keep your money there.

Creditor: Creditor is the term used for the person or entity that is providing credit or a loan to a borrower at specific terms and conditions. The term creditor can generally be used interchangeably with the term lender.

Creditworthiness: Creditworthiness is the term used to describe the state or condition of an individual's overall credit. Individuals who have established credit and maintained a positive credit history are considered to be creditworthy, i.e., an acceptable risk for the extension of additional credit based upon their ability and willingness to repay past and current debt obligations.

Customer Service Representative or New Account Officer: The person who can help you open your account. The representative explains services, answers general questions, refers you to a person who can help you, and provides written information explaining the bank products.

Debit Card: A plastic card, sometimes called a "check card." The debit card has a MasterCard® or Visa® logo and a magnetic strip on the back that allows you to pay for goods and services at stores and other businesses that accept these credit cards. When you use a debit card, the money immediately comes out of your bank account.

Debt: What is owed to a person or institution for obtaining merchandise or services without immediately paying for them. Usually, a debt is acquired through a loan or the use of credit.

Debtor: Debtor is the term for the person or entity which is borrowing money. The term debtor can generally be used interchangeably with the term borrower.

Debt-to-income Ratio: A debt-to-income ratio is the mathematical calculation of debts to income. Debts divided by gross income equal the debt-to-income ratio. Typically, the credit industry recommends that no more than 20 percent of one's net income should be spent on long-term debts (excluding a home mortgage).

Deed in Lieu of Foreclosure: Alternative to foreclosure that allows the voluntary transfer of the title back to the lender in exchange for cancellation of the mortgage debt.

Default: A default is a failure to meet a payment or fulfill a credit obligation.

Deposit: Money you add to your bank account.

Depreciation: A decline in the value of a house due to changing market conditions, decline of a neighborhood, or lack of upkeep on a home.

Derogatory Information: Derogatory information is information on a person's credit report that can be legally used to turn down a loan application; it includes late payments, charge-offs and bankruptcies. As a general rule, derogatory information remains on a person's credit report for seven years; however, there are exceptions, including bankruptcies, which can remain for 10 years. (Source: www.investopedia.com)

Direct Deposit: A method that your employer or a government agency might choose to give you your paycheck or benefit check. With direct deposit, your paycheck or benefit check is electronically transferred and directly deposited into your account.

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

Equity: Equity is the value in your home above the total amount of the liens against your home. If you owe $100,000 on your house, but it is worth $130,000, you have $30,000 of equity.

Escrow: The holding of money or documents by a neutral third party prior to closing. It can also be an account held by the lender (or servicer) into which a homeowner pays money for taxes and insurance.

Fees: Fees are the money a financial institution charges, such as a monthly maintenance fee, for providing various services.

Finance Charge: A finance charge is the amount charged for the use of credit services.

Financial Education: Financial education helps an individual gain the knowledge and skills to manage credit and other financial resources effectively for a lifetime of financial well-being.

Fixed Expenses: Fixed expenses are costs or payments that generally do not vary from month to month. An example of a fixed expense is a car loan.

Fixed-rate Mortgage: A mortgage with an interest rate that does not change during the entire term of the loan.

Forbearance: Alternative to foreclosure that allows the delinquent homeowner to pay less than the full amount of a mortgage payment, or nothing at all, for a short period, with the understanding that another option will be used to bring the account current.

Foreclosure: A legal process in which collateral property is sold in an attempt to satisfy the outstanding debt of a mortgage.

Gift Letter: A letter that a family member writes verifying that he or she has given you a certain amount of money as a gift and that you do not have to repay it. You can use this money towards a portion of your down payment through some mortgage products.

Good Credit: Good credit is the term commonly used to mean that one's credit has been handled responsibly and that payments have been made on time.

Good Faith Estimate (GFE): See Loan Estimate.

Grace Period: A grace period is the amount of time before which additional interest, late fees, and/or penalties are imposed for receipt of a loan payment beyond its due date. Not all loans allow a grace period. Grace periods may also refer to the amount of time before a payment is due. Relating to credit cards, the period allowed is usually 20–25 days in which the consumer has to pay off new purchases, if there is no previous balance, without being charged interest.

Graduated Payment Mortgage: Start out with low monthly payments which then increase over a period of years. When the payment reaches a certain amount, they stay fixed at that amount for the rest of the loan.

Gross Income: Gross income is the amount of income earned prior to any deductions such as for taxes and Social Security withholdings.

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

Home Equity Conversion Mortgage (HECM): A type of reverse mortgage that this is only available if the homeowners are at least 62 years old. It lets the homeowners receive part of their equity each month instead of making monthly mortgage payments. The homeowners are not responsible for repaying the mortgage for as long as they live in the home.

Home Equity Line of Credit: A home equity loan is a specialized form of a second lien that is also secured against your home. It is a revolving line of credit where you can borrow money (up to the amount that has been approved) and pay it back as many times as you need during the term of the loan. Interest rates for lines of credit are usually variable, but you only pay interest on the amount you borrow.

Home Equity Loan: A home equity loan is a loan product which is secured against a home (real estate). Most home equity loans are tax-deductible.

Homeowner's Insurance: Homeowner's insurance is a policy that protects you and the lender from losses resulting from things like fire or flood, which may damage the structure of the house, create liability (such as injury to a visitor to your home), or cause damage to or theft of your personal property (such as to furniture, clothes, or appliances).

Homeownership Education: Offered through community service organizations, it provides information on the mortgage approval process, home selection elements, financing and closing processes, mortgage delinquencies, and foreclosures.

Housing Expense Ratio: The percentage of your gross monthly income that goes toward paying for your housing expenses.

Impaired Credit: Impaired credit is a term commonly used to indicate that payments have been made beyond the due date and/or that credit reports contain items such as bankruptcies, judgments, liens, charge-off accounts, or other items viewed negatively by the credit industry.

Index: An economic indicator a lender uses to compute rate changes utilizing the prime rate, LIBOR, or the treasury bill as an index. Individual Retirement

Individual Retirement Account (IRA): A tax-deferred plan that can help build a retirement nest egg.

Inflation: Inflation is an increase in the general level of prices.

Inquiry: The term inquiry is used to describe the process used by creditors to request a copy of your credit report. Inquiries occur every time a consumer fills out a credit application and/or requests the extension of credit. Too many inquiries appearing on a credit report are considered damaging to the report.

Installment Account: Installment accounts are a type of credit whereby a consumer signs a contract to repay a fixed amount in equal payments over a specific period of time. Examples of installment accounts may include car loans, furniture loans, and often times personal loans. Also commonly referred to as an installment loan.

Insurance: 1/12th of the annual homeowner's insurance premium. This figure will include flood insurance and private mortgage insurance, PMI or MI, if required.

Interest: Interest is a charge for using someone else's funds. Interest is typically indicated as a percentage of the amount borrowed.

Interest Rate: Interest rates are commonly thought of as the cost of borrowing money. The interest rate is expressed as a percentage. The amount of interest that is paid each year is determined by multiplying the amount of the loan by the percentage.

Interest-Only Mortgages: A mortgage where you pay only the interest for the first 5 or 10 years. This is called the interest-only period. At the end of the interest-only period, you begin to pay both principal and interest on a monthly basis for the remainder of the loan. The amount of the monthly principal and interest payment remains the same for the remainder of the loan.

Interest-Only Payments: "Interest-only" loan payments are not amortized. That is, they do not reduce the principal balance of a loan but simply pay the interest.

Joint Accounts: Joint accounts are credit accounts which are held or owned by two or more persons. In the case of a joint account, all parties are held equally responsible and liable for payment under the terms and conditions of the loan contract.

Judgments: Judgments are formal orders, generally court orders, that are displayed on a credit report if a debt or loan obligation is unpaid.

Late Payment: A late payment is the term used for loan or credit payments that do not reach the lender or creditor on or before the payment due date. The indication of late payments on a credit report is very damaging to an individual's credit report.

Lender: Lender is the term used for the person or entity that is providing credit or a loan to a borrower at specific terms and conditions. The term lender can generally be used interchangeably with the term creditor.

Lien: A claim of a creditor on a property as security for a debt.

Lien Waiver: A lien waiver is a document which releases a consumer (homeowner) of any further payment obligation for payment of a debt once it has been paid in full. Lien waivers are typically used by homeowners who hire a contractor to provide work and materials to prevent any subcontractors or suppliers of materials from filing a lien against the homeowner for nonpayment.

Line of Credit: A line of credit is a preauthorized amount of credit offered to an individual, business, or institution. A line of credit is commonly secured against an asset such as a home (real estate).

Loan: Money you borrow from a financial institution with a written promise to pay it back later. With a loan, financial institutions will charge you fees and interest to borrow the money.

Loan Estimate: A written statement itemizing the approximate costs and fees for the mortgage.

Loan Modification: Alternative to foreclosure that can include adding missed payments to an existing loan balance, turning an adjustable-rate mortgage into a fixed-rate mortgage, or extending the number of years for repayment.

Loan Officer: The person who takes applications for loans offered at the bank. The loan officer can answer your questions, provide written information explaining loan products, and help you fill out a loan application.

Loan Servicers: A loan servicer is the term used for the financial institution or entity which is responsible for collecting loan payments. This term is most commonly used relating to home mortgage payment collections.

Low Down-Payment Feature: A feature of a mortgage, usually a fixed-rate mortgage that helps you buy a home with as little as a 3 percent down payment.

Margin: The amount (expressed as a percentage) added to the index for an ARM to establish the interest rate on each adjustment date.

Market Value: The current value of your home based on what a willing purchaser would pay. The value determined by an appraisal is sometimes used to determine market value.

Money Order: Similar to a check, a money order is used to pay bills or make purchases in cash where cash is not accepted. Many businesses sell money orders for a fee. It is best to shop around for the best price.

Mortgage: A mortgage is a document that is signed by a borrower when a home loan is obtained and gives the lender the right to take possession of the property if the borrower fails to make loan payments.

Mortgage Broker: An independent finance professional who specializes in bringing together borrowers and lenders to facilitate real estate mortgages.

Mortgage Insurance Premium (MIP): A mortgage insurance premium or MIP is the cost of the insurance which the Federal Housing Administration (FHA) provides to lenders and is paid by the individual homebuyer. MIP is made up of two parts: an up-front cost of 1.50 percent of the mortgage amount, plus an annual premium of .50 percent of the loan amount to be paid on a monthly basis. Mortgage Insurance helps to protect lenders from losses in the event of a mortgage default and foreclosure. The annual mortgage insurance premium may be canceled when the mortgage amount is reduced to 78 percent or less of the property value.

Mortgage Lender: The lender providing funds for a mortgage. Lenders also manage the credit and financial information review, the property, and the loan application process through closing.

Mortgage Qualifying Ratio: Lenders use qualifying ratios to calculate the maximum amount of funds that an individual may traditionally be able to afford. A typical mortgage qualifying ratio is 28/36.

Mortgage Rate: The cost or the interest rate you pay to borrow the money to buy your house.

Needs: Needs are the things in life which are required for basic survival. Examples of needs include shelter, food, and clothing.

Net Income: Net income is the amount of money paid to an employee after taxes and other deductions have been subtracted. Net income is commonly referred to as "take-home pay."

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

Online Banking: A bank service that allows you to make payments, check account balances, transfer money between accounts, obtain account history, such as deposits and withdrawals, stop payments on a check, and obtain general bank information at any time from any computer with Internet access.

Open 30-day Account: Open 30-day accounts are a type of credit whereby a consumer promises to repay the full balance owed each month. Examples may include: local businesses, travel, and entertainment charge cards.

Option ARMs: Also called "flex" ARMs, these loans let the borrower decide how much to pay from one month to the next based on a few choices. The options range from making a full monthly payment (what you normally would pay in principal and interest for a traditional mortgage) to a "minimum" payment that does not fully pay for the interest due, but the shortfall is added to your loan balance.

Payday Loans: Payday loans are short-term (e.g., two weeks), unsecured loans linked to a borrower's payday and past and current payroll. Interest rates on these loans are very high. A consumer usually pays a fee of $10 to $30 per $100 borrowed. A fee of $25 for every $100 is equal to an annual interest rate of 650 percent if the loan is paid on time.

Payment Due Date: Every time that money is borrowed, contract language specifies when payments are due. The due date is always indicated and means that the payment must be received on or before the specified date. Grace periods do not eliminate the responsibility of making sure that payments are received by the lender by the due date. In most cases, lenders or creditors who receive payments past the due date will add a late charge and/or additional interest and fees.

PIN: For security purposes, credit cards and bank cards require the rightful owner to select and memorize a Personal Identification Number or PIN. This number or code is required in order to utilize the card in an automated teller machine.

PITI: PITI is an acronym for principal, interest, taxes, and insurance.

Points: Points are a one-time charge by a lender to lower the interest rate of a loan. One point is equal to 1 percent of the loan amount.

Prepayment Penalty: Prepayment penalties are charges imposed by some lenders as a penalty for paying a loan off earlier than its original payoff date. Prepayment penalties are common among some of the subprime and/or predatory lending loan products.

Predatory Lending: Predatory lending is commonly defined as abusive lending practices that strip equity away from a homeowner. Common practices include targeting low-income people with poor credit or elderly homeowners, using high pressure sales tactics, and having little concern about the borrower's ability to repay the loan.

Predictive Variables: Predictive variables are the items which are part of the formula or factors which comprise elements of a credit scoring model.

Prepayment-Penalty Mortgage (PPM): A prepayment penalty mortgage (PPM) is a type of mortgage which requires that you pay a prepayment penalty or a fee if you repay your entire loan (or a substantial portion of it) within a certain time period. A "substantial payment" is generally defined as any amount that exceeds 20 percent of the original principal balance.

Principal: Principal is the actual amount of money borrowed or the remaining amount of the loan that has not yet been paid back to the lender. The principal balance of a loan is the borrower's debt.

Private Mortgage Insurance (PMI): Private Mortgage Insurance or PMI is a type of insurance which helps to protect lenders from losses in the event that a homeowner defaults on his or her mortgage and loses his or her home to foreclosure. PMI is generally required by lenders when a homebuyer pays less than 20 percent as a down payment on a loan. PMI coverage will cost approximately 1 percent of the loan amount up front, plus an additional .50 percent annual premium paid monthly. The annual mortgage insurance premium may be canceled when the mortgage amount is reduced to 80 percent or less of the property value.

Public Record Information: Public record information is information on events that are a matter of public record (courthouse records) related to your creditworthiness, such as bankruptcies, foreclosures, or tax liens. The presence of public record information appearing on a credit report is viewed negatively by the credit industry.

Real Estate Professional: An individual who provides services in buying and selling homes. The real estate professional is paid a percentage of the home sale price by the seller. Unless you have signed an agreement with the real estate agent to be a buyer's agent, the real estate professional represents the interest of the property seller. Real estate professionals may be able to refer you to local lenders or mortgage brokers, but are generally not involved in the lending process.

Refinancing: Refinancing a mortgage allows a homeowner to receive a new mortgage and use the proceeds to help pay off the old mortgage. However, there may be closing costs, fees, and/or points associated with the new mortgage, and prepayment penalties associated with the old mortgage.

Reinstatement: Alternative to foreclosure which enables the delinquent homeowner to make a lump sum payment in order to bring the loan current.

Repayment Plan: Alternative to foreclosure set up with a lender if a mortgage is past due but the borrower can now afford to make payments. A schedule of repayments over six to 12 months adds a portion of the overdue amount on top of each monthly payment to bring the account current.

Revolving Account: Revolving accounts are a type of credit account whereby a consumer has the option to pay the debt in full each month or to make a minimum monthly payment based upon the outstanding balance. Examples may include: department stores, gas and oil companies, and bank issued credit cards.

Safe Deposit Boxes: A fireproof locked box which is available in various sizes for a yearly rental fee. It provides you with a secure compartment within the bank's vault for the storage of valuables, such as passports, important documents, jewelry, etc. The keys remain solely under the client's control.

Savings Account: An account where you keep money for safekeeping or as an investment that earns interest.

Secured Credit Card: A secured credit card is a credit card that is backed by collateral (usually cash).

Secured Loans: A secured loan is a loan which is backed by collateral and secured against something tangible such as a home (real estate).

Short Sale: If a home is sold (as an alternative to foreclosure) for less than what is owed to the lender, the lender may accept this lesser amount as a "short sale" or a "short payoff."

Spending Plan: A spending plan is an itemized list of all of one's expenses. Spending plans are tools commonly used to measure or gauge expenses against income.

Subprime Loan: Subprime is the industry term used to describe credit and loan products which have less stringent lending and underwriting (loan approval) terms and conditions.

However, as a compensating factor for the higher risk, subprime products charge consumers higher interest rates and fees.

Taxes: 1/12th of the estimated annual local real estate taxes on the home that is purchased.

Telephone Banking: A bank service that allows you to check account balances, transfer money between accounts, obtain account history, such as deposits and withdrawals, stop payment on a check, obtain information on branch hours, and report a lost, stolen, or damaged credit, debit, or ATM card.

Teller: The person behind the bank counter who takes money, answers questions, cashes checks, or refers you to the person who can help you.

Terms: The provisions, conditions, and requirements pertaining to the loan as stated in the loan agreement.

Thrift: A thrift is a federally regulated savings bank or savings and loan association that is similar to a bank and makes home loans. Thrifts were created to promote homeownership and must have a majority of their assets in housing-related loans.

Title: The right to, and the ownership of, land by the owner. Title is sometimes used to mean the evidence or proof of ownership of land; although another term used for that is “deed.”

Title Insurance: Insurance that protects lenders and homeowners against loss of their interest in the property because of legal problems with the title.

Truth-In-Lending Act (TILA): Federal law which 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.

Underwriting: The process a lender uses to determine loan approval. It involves evaluating the property and the borrower’s credit and ability to pay the mortgage.

Unsecured Debt: Loans that are not backed by collateral.

Variable Expenses: Variable expenses are costs or payments that may vary from month to month. Some examples of variable expenses include money spent on groceries, clothes, doctor visits.

Wants: Wants are the things in life which are not essential for survival, but are desired for comfort, convenience, or status.

Wire Transfer: A method of electronically transferring money from one bank to another.

Withdrawal: The process of taking money from your bank account. You do this by writing a check, using an ATM, or giving a teller a withdrawal slip.