

# Glossary

**Abstract (of Title)** – A summary of the public records relating to the title to a piece of land. An attorney or title insurance company reviews an abstract of title to determine whether there are any title defects that must be cleared before a buyer can purchase a clear, marketable, and insurable title.

**Abatement** – Measures to permanently (at least 20 years) control lead-based paint or lead-based paint hazards.

**Acceleration Clause** – A provision in a mortgage that gives the lender the right to demand payment of the entire outstanding balance if a monthly payment is missed.

**Accessory Dwelling Unit (ADU)** – A self-contained housing unit incorporated within a single-family dwelling (not within accessory structures, except with a Special Permit) that is clearly a subordinate part of the single-family dwelling.

**Account** – An account represents a relationship between a company (the account owner) and consumer, through which the consumer purchases a product or service and makes payment for it over time.

**Account Number** – A reference number assigned to accounts, by the creditor or collection agency, to uniquely identify a consumer as the owner of that account.  
**Account Reviews** – Inquiries made into a consumer's credit history by creditors with whom the consumer has a current relationship. These inquiries are not included in the business version of a consumer's credit report.

**Adjustable-Rate Mortgage (ARM)** – A mortgage that permits the lender to adjust its interest rate periodically based on changes in a specified index.

**Adverse Action** – An unfavorable action, such as the denial of credit, insurance, or employment, taken by a creditor or other entity, affecting a consumer. Under the Fair Credit Reporting Act, creditors must disclose the reasons for any adverse action.

**Adverse Information** – Information about a consumer that a creditor or other entity considers a risk or unacceptable, such as a past due account.

**Adjusted Gross Income** – Adjusted income is annual (gross) income reduced by deductions. Adjusted income is used to compute the actual tenant payment in NAHASDA-assisted housing, Tenant-Based Rental Assistance, low-rent programs, and homebuyer programs.

**Affordability** – The process of calculating how much a borrower can afford to commit to a mortgage payment based on their income and debt.

**Affordability Period (Useful Life)** – The period that a unit must remain available as a low-income home with HUD funding. See Useful Life for IHBG. The HOME program has alternate rules.

**Affordable Housing Activities** – Affordable housing activities identified in Section 202 of NAHASDA.

## Glossary (cont.)

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**Agent** – One who legally represents another, called a principal, from whom authority has been derived.

**Agreement for Sale** – A written document in which the purchaser agrees to purchase a home and the seller agrees to sell a home under stated terms and conditions. Also referred to as a Purchase and Sales Agreement or Contract, Purchase Agreement, Earnest Money Contract, or offer to Purchase Contract.

**Allotted Land** – Land owned by the United States and held in trust for individual Indians. Also referred to as Individual Allotted Trust Land.

**Amortization** – The gradual repayment of a mortgage by installments, calculated to pay off the obligation at the end of a fixed period.

**Amortization Schedule** – A timetable for payment of a mortgage showing the amount of each payment applied to interest, principal, and the remaining balance.

**Annual Income** – Total amount of income earned annually. Gross annual income represents the amount of money a person earns in one year from all sources before taxes.

**Annual Percentage Rate (APR)** – The total annual cost of a mortgage stated as a percentage of the loan amount; including the base interest rate, primary mortgage insurance, and loan origination fee (points).

**Annexation** – A change in existing community boundaries resulting from the incorporation of additional land.

**Application Agreement** – An agreement between the lender and the borrower which summarizes the general terms that will comprise the loan agreement.

**Appraisal** – An expert judgment or estimate of the quality or value of real estate as of a given date.

**Appraisal Fees** – The cost charged for obtaining an appraisal. Costs vary by region.

**Appraisal Report and Conditions** – If an appraisal is subject to repairs or conditions, a condition sheet must be attached or appraisal must contain specific information as to repairs required.

**Appraiser** – An expert who conducts appraisals.

**Appreciation** – An increase in the value of a house due to changes in market conditions or other causes.

**Assessed Value** – The valuation placed upon property by a public tax assessor for purposes of taxation.

**Assumable Mortgage** – A mortgage that can be taken over (“assumed”) by the buyer when a home is sold.

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**Assumption** – The transfer of the seller's existing mortgage to the buyer.

**Authorized User** – Someone authorized to use an individual credit account by the person who opened the account.

**Automated Underwriting** – A computerized system that analyzes your loan application information and arrives at a loan decision.

**Back End Ratio** – The percentage of income set by the lender that is available for principal, interest, taxes, insurance, plus all recurring debts.

**Balloon Mortgage** – Loan that requires a payment in full at the end of a set period. Typically, the term is five, seven, or 10 years. The borrower makes regular monthly payments based on a 30-year term. At the end of the balloon period, the borrower pays the principal balance to the lender. At this point, the borrower has the option to sell the home or refinance the amount that is due on the principal. Balloon mortgage programs are ideal for a homebuyer who wants the security of a fixed rate but does not intend to own the home beyond the date the balloon term ends. Typically, these mortgages provide the benefit of below-market interest rates during the balloon period.

**Bank Card** – A credit card issued through a bank.

**Bankruptcy** – A legal proceeding to give a person or business some relief from debts.

**Beneficiary** – The person who receives the benefits of a trust or the recipient of the proceeds of a will or a life insurance policy.

**Binder** – A preliminary agreement, secured by the payment of earnest money, under which a buyer offers to purchase real estate.

**Biweekly Mortgages** – These mortgages provide a built-in prepayment feature. The borrower pays half of the monthly mortgage payment every two weeks, thus making 13 payments per year and paying off a 30-year mortgage in 20 years. Many people who get paid every two weeks prefer biweekly mortgages because they can payroll-deduct their payments.

**Blight** – Physical and economic conditions within an area that cause a reduction of or lack of proper utilization of that area. A blighted area is one that has deteriorated or been arrested in its development by physical, economic, or social forces.

**Borrower Native American ID** – Proof that a borrower is Indian (tribal membership card, Certificate of Indian Blood, etc.).

**Break-even Point** – When the sales/revenue exactly equals the total expense.

**Buffer Zone** – A strip of land created to separate and protect one type of land use from another; for example, as a screen of planting or fencing to insulate the surroundings from the noise, smoke, or visual aspects of an industrial zone or junkyard.

## Glossary (cont.)

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**Building Line or Setback** – Distances from the ends and/or sides of the lot beyond which construction may not extend. The building line may be established by a filed plat of subdivision, restrictive covenants in deeds or leases, building codes, or zoning ordinances.

**Building Codes** – A series of codes and standards that specify how rehabilitation work and new construction is to be carried out. Building codes inform contractors how to carry out the work and are used by inspectors when checking completed work.

**Building Permit** – A written document issued by the appropriate government authority permitting construction to begin on a specific project in accordance with drawings and specifications approved by the government authority.

**Bureau of Indian Affairs (BIA)** – The agency within the Department of the Interior that is delegated the responsibility to administer and oversee trust responsibilities of the United States in Indian affairs.

**Buydown** – Permanent: Prepaid interest that brings the note rate on the loan down to a lower, permanent rate. Temporary: Prepaid interest that lowers the note rate temporarily on the loan, allowing the buyer to more readily qualify for the loan. The mortgage payments increase as the borrower's income increases. (A common example of a temporary buydown is the 3-2-1 plan: 3 percent interest the first year, 2 percent the second, and 1 percent the third.) TDHE or tribal buydown programs typically prepay the principal to lower the first mortgage to a loan amount enabling the participant to qualify.

**Cap** – A provision of an ARM limiting how much the interest rate or mortgage payments may increase.

**Capacity** – One of the four Cs of credit. A person's financial capability to make payments on a mortgage loan, based on their income and other financial responsibilities.

**Capital** – One of the four Cs of credit. Wealth in the form of money or property. Most lenders consider the borrower's capital an alternative repayment source.

**Cash Reserve** – A requirement of some lenders that buyers have sufficient cash remaining after closing to make the first two mortgage payments.

**Cash-Value Insurance** – Provides the borrower's dependents with a cash payoff at the borrower's death, as well as providing a tax-deferred savings program.

**Certificate of Occupancy** – A document issued by the contractor certifying that all work has been completed to specification and is ready for occupancy. This document should be signed by the owner, indicating acceptance of the work.

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**Certificate of Title** – A certificate issued by a title company or a written opinion rendered by an attorney that the seller has good marketable and insurable title to the property that he is offering for sale. A certificate of title offers no protection against any hidden defects in the title that an examination of the records could not reveal. The issuer of a certificate of title is liable only for damages due to negligence. The protection offered to a homeowner under a certificate of title is not as great as that offered by a title insurance policy.

**Chapter 7 Bankruptcy** – The chapter of the United States Bankruptcy Code that provides for court-administered liquidation of the assets of a financially troubled individual or business.

**Chapter 11 Bankruptcy** – The chapter of the United States Bankruptcy Code that is usually used for the reorganization of a financially troubled business. Used as an alternative to liquidation under Chapter 7.

**Chapter 12 Bankruptcy** – The chapter of the United States Bankruptcy Code adopted to address financial difficulties of the nation's farming community.

**Chapter 13 Bankruptcy** – The chapter of the United States Bankruptcy Code under which debtors repay debts according to a plan accepted by the debtor, the creditors, and the court.

**Character** – One of the four Cs of credit. In the loan evaluation process, the lender evaluates how well the applicant handles financial obligations. In this aspect of the evaluation, an applicant's credit history is one of the most important factors in establishing his or her ability to repay a loan.

**Charge Card** – A credit card that requires full payment of the bill each month; no interest is charged. The American Express® card and Diners Club® card are examples.

**Charge-Offs** – An accounting term used to indicate that the creditor does not expect to collect the balance owed on an account. However, most creditors will continue to pursue collection of the debt.

**Chattel Mortgage** – This is a mortgage loan to an individual for movable personal property. It consists of two parts: the chattel and the mortgage. For example, the chattel is a mobile home – the asset the loan is financing.

**Clear Title** – A title that is free of liens and legal questions as to ownership of the property.

**Closing Costs** – Expenses (over and above the price of the property) incurred by buyers and sellers in transferring ownership of a property. Also called "settlement costs."

**Client Action Plan** – A plan of action to remove obstacles to mortgage readiness.

## Glossary (cont.)

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**Closed-End Credit** – An agreement under which an amount advanced as credit plus any finance charges are expected to be repaid in full over a definite time. Most real estate and automobile loans are closed-end credit agreements.

**Closing** – The occasion where a sale is finalized; the buyer signs the mortgage, and closing costs are paid. Also called “settlement.”

**Closing Day** – The day on which the formalities of a real estate sale are concluded. The certificates of title, abstract, and deed are generally prepared for the closing by an attorney and this cost charged to the buyer. The buyer signs the mortgage, and closing costs are paid. The final closing merely confirms the original agreement reached in the agreement of sale.

**Closing Disclosure** – A financial disclosure accounting for all funds received and expected at the closing, including the escrow deposits for taxes, hazard insurance, mortgage insurance for the escrow account, and the total costs.

**Cloud (on Title)** – An outstanding claim or encumbrance that adversely affects the marketability of title.

**Cluster Development** – A pattern of development in which industrial and commercial facilities and homes are grouped together on parcels of land to leave parts of the land undeveloped. Cluster development is often used in areas that require large lot sizes, and typically involves density transfer. Zoning ordinances permit cluster development by allowing smaller lot sizes when part of the land is left as open space.

**Coastal Management Zone** – HUD-assisted activities are subject to the requirements of the Coastal Barrier Resources Act and Coastal Zone Management Act. The environmental review must give special consideration to the protection and management of coastal areas if the HUD-assisted project is located within a coastal barrier designated on a current Federal Emergency Management Agency flood map or Department of Interior coastal barrier resources map, or within a coastal zone management (CZM) area designated by the state CZM agency. Information is available from the state and local government agency responsible for implementing the coastal zone protection and management. Coastal barrier resources are designated on maps issued by the Fish and Wildlife Service of the Department of Interior. This information is also provided on the flood insurance rate maps issued by the Federal Emergency Management Agency.

**Co-Borrowers** – Two or more persons who legally agree to apply for and repay a loan.

**Collateral** – One of the four Cs of credit. Any property pledged as security for a debt.

**Collection** – Procedure followed to bring an account current and file the necessary notices to proceed with legal action to collect payment due.



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**Commission** – Money paid to a real estate agent or broker by the seller as compensation for finding a buyer and completing the sale. Usually it is a percentage of the sale price – six to seven percent on houses, 10 percent on land.

**Commitment Letter** – A formal offer by a lender stating the terms under which it agrees to loan money to a homebuyer.

**Community Based Development Organizations** – CBDOs are a type of nonprofit corporation that are described in the federal regulations. To be a CBDO a nonprofit must have a certain specified purpose stated in its articles of incorporation and must have a certain structure to its board of directors specified in its bylaws.

**Community Housing Development Organization (CHDO)** – A private, nonprofit organization that meets a series of qualifications prescribed in the HOME regulations 24 CFR Part 92.2. A participating jurisdiction must award at least 15 percent of its annual HOME allocation to CHDOs.

**Community Development Financial Institution (CDFI)** – A CDFI is a financial institution whose purpose is community development through the creation of programs and strategies designed to meet the needs of low-income communities. CDFIs make loans to entities or individuals unable to get approved by traditional banking institutions.

**Community Land Trust Mortgage Loan** – An alternative financing option that allows low- and moderate-income homebuyers to purchase housing that has been improved by a nonprofit Community Land Trust and to lease the land on which the property stands.

**Comparative Market Analysis** – The estimated value of property based on the comparison of like properties.

**Compensating Factors** – Compelling factors that exceed a lender's requirements that either make up for or offset a deficiency.

**Comprehensive Plan** – Regional, state, or local documents that describe community visions for future development.

**Condemnation** – The taking of private property for public use by a government unit, against the will of the owner, but with payment of just compensation under the government's power of eminent domain. Condemnation may also be a determination by a governmental agency that a building is unsafe or unfit for use.

**Condominium** – A form of property ownership in which the homeowner holds title to an individual dwelling unit plus an interest in common areas of a multi-unit project.

**Conforming Loan** – A loan which meets the standards set by Fannie Mae's and Freddie Mac's regulator and meets Fannie Mae's and Freddie Mac's funding criteria. The terms "conforming" and conventional are often used interchangeably.

## Glossary (cont.)

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**Conservation Areas** – Environmentally sensitive and valuable lands protected from any activity that would significantly alter their ecological integrity, balance, or character, except in cases of overriding public interest.

**Conservation Easements** – Voluntary, legally binding agreements for landowners that limit parcels of land or pieces of property to certain uses. Land under conservation easements remains privately owned and most easements are permanent.

**Construction Contract** – An agreement between a general contractor and an owner or owner-developer stating the specific duties the general contractor will perform according to blueprints and specifications at a stipulated price and terms of payment.

**Construction Draw** – The partial disbursement of the construction loan, based on the schedule of payments agreed to in the loan agreement.

**Construction Loan** – A short-term, interim loan for financing the cost of construction. The lender makes payments to the builder at periodic intervals as the work progresses.

**Consumer Financial Protection Bureau (CFPB)** – A U.S. government agency that makes sure banks, lenders, and other financial companies treat consumers fairly.

**Contiguous** – Adjoining property.

**Contingency** – A condition that must be met before a contract is legally binding.

**Contract for Deed** – An installment sale. You buy today but take possession of the title after all payments are made. It is a contract between a purchaser and a seller of real estate to convey title after certain conditions have been met. If you miss a payment, you could lose some or all your equity. Because the title has not been transferred, there is nothing on which to foreclose. Some states, however, have special provisions protecting those who buy property with a land contract. State rules regarding land contracts vary extensively and such arrangements should be reviewed by an attorney or legal clinic before acceptance. See also Land Contract and Agreement for Sale.

**Contractor** – In the construction industry, a contractor is one who contracts to erect buildings or portions of them. There are also contractors for each phase of construction: heating, electrical, plumbing, air conditioning, road building, bridge and dam erection, and others.

**Conventional Mortgage** – Any mortgage that is not insured or guaranteed by the federal government. It is subject to conditions established by the lending institution and state statutes. The mortgage rates may vary with different institutions and between states.

**Convertible ARM** – An adjustable-rate mortgage that can be converted to a fixed-rate mortgage under specified conditions.



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**Convey** – The process of selling or transferring property to a Mutual Help homebuyer who has satisfied all the obligations of the Mutual Help and Occupancy Agreement.

**Cooperative** – A form of common property ownership in which the residents of an apartment building do not own their own units, but rather own shares in the corporation that owns the property.

**Co-Signer** – A person who signs a legal instrument and therefore becomes individually and jointly liable for repayment or performance of an obligation.

**Cost Estimate** – A summary of the expected cost of providing the materials, labor, and equipment to complete a construction job.

**Covenant** – A clause in a mortgage that obligates or restricts the borrower and which, if violated, can result in foreclosure. Also pertains to restrictions in a lease.

**Credit** – A consumer's ability to make purchases, obtain services, or borrow money based on his or her promise, ability, and demonstrated willingness to repay.

**Credit Bureau** – A company that gathers information about how consumers use credit, which the credit bureau in turn provides to potential creditors, employers, and others who have a legally recognized reason to request such information.

**Credit Card** – Any card, plate, or coupon book that may be used repeatedly to borrow money or buy goods or services on credit.

**Credit Check** – An inquiry to confirm a consumer's credit payment history.

**Credit Fraud** – A case when someone fraudulently uses another person's Social Security number or other personal information to acquire credit in his or her name.

**Credit History** – The record of a consumer's credit accounts and manner of payment.

**Credit Inquiry** – When you apply for credit, the lender will request a copy of your credit report. Each time your credit report is requested from the credit bureau, it is documented on your report as an "inquiry."

**Credit Limit** – The maximum balance that can be carried on a credit account.

**Credit Report** – A report of an individual's credit history prepared by a credit bureau and used by a lender in determining a loan applicant's creditworthiness.

**Credit Risk** – An assessment of a consumer's likelihood of fulfilling the terms of a credit agreement.

**Credit Score** – A mathematical calculation that reflects a consumer's credit behavior. The score is an assessment of how likely a consumer is to pay his or her debts.

**Creditor** – Person or business to whom a debt is owed.

## Glossary (cont.)

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**Creditworthiness** – A description of a consumer's credit behavior and management that leads to a creditor's decision to make an offer of credit.

**Currency** – Exchange rate policy that does not limit the range of the market rate.

**Date of Full Availability (DOFA)** – The last day of the month in which substantially all the units in a housing development are available for occupancy.

**Debt Consolidation** – A process through which a new loan is structured that is used to combine and finance payments on other loans.

**Debt Service** – The periodic payment of principal and interest on mortgage loans.

**Debt Coverage Ratio** – A comparison of the net income of a property with the costs of payments (principal and interest) on the mortgage on the property, used to assess the ability of the property to generate enough income to pay for itself. Basically, can the project cover its expenses using the profits from operations.

**Debt-to-Income Ratio** – The relationship between income and debt that compares an individual's debt payment to his or her overall income.

**Deductible** – The amount of cash payment required under an insurance policy to be made by the homeowner to cover a portion of a damage or loss. Typically, the higher deductible, the lower the cost of the policy. Also called "out-of-pocket expenses."

**Deed** – A formal written instrument by which title to real property is transferred from one owner to another. The deed should contain an accurate description of the property being conveyed, signed and witnessed according to the laws of the state where the property is located, and delivered to the purchaser at closing. There are two parties to a deed: the grantor and the grantee. See also Deed of Trust, General Warranty Deed, Quitclaim Deed, and Special Warranty Deed.

**Deed-in-Lieu of Foreclosure** – A deed given by a mortgagor to a mortgagee to satisfy a debt and avoid foreclosure.

**Deed of Trust** – The document used in some states instead of a mortgage. The title is conveyed to a trustee rather than to the borrower. Like a mortgage, a security instrument whereby real property is given as security for a debt. However, in a deed of trust, there are three parties to the instrument: the borrower, the trustee, and the lender (or beneficiary). In such a transaction, the borrower transfers the legal title for the property to the trustee, who holds the property in trust as security for the payment of the debt to the lender or beneficiary. If the borrower pays the debt as agreed, the deed of trust becomes void. If, however, he defaults in the payment of the debt, the trustee may sell the property at a public sale, under the terms of the deed of trust. In most jurisdictions where the deed of trust is in force, the borrower is subject to having his property sold without benefit of legal proceedings.

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**Deed Restriction** – A legally binding restriction on the use, activity, and/or limitation of property rights, recorded at the registry of deeds.

**Default** – Failure of a consumer to make loan or credit repayments as agreed in a loan or credit agreement or to comply with other conditions of a mortgage.

**Delinquency** – A situation in which payment on a loan is overdue but not yet in default.

**Density** – The average number of people, families, or housing units on one unit of land. Density is also expressed as dwelling units per acre.

**Department of Hawaiian Home Lands (DHHL)** – The agency created by the Hawaii State Legislature in 1960 to administer the Hawaiian Home Lands program and manage the Hawaiian Home Lands trust.

**Department or HUD** – Department or HUD refers to the Department of Housing and Urban Development.

**Deposit** – Cash paid to the seller when a formal sales contract is signed.

**Depreciation** – A decrease in the value of a house due to changes in market conditions or other causes. The opposite of “Appreciation.”

**Design Standards** – Can serve as a community’s desire to control its appearance, from within and without, through a series of standards that govern site planning policies, densities, building heights, traffic and lighting.

**Development Rights** – Gives property owners the right to develop land in ways that comply with local land use regulation.

**Dilapidated Housing** – A unit that does not provide safe and adequate shelter, and in its present condition, can endanger the health, safety, or well-being of a family; includes a unit that has one or more critical defects; or contains a combination of intermediate defects in sufficient number or extent to require considerable repair or rebuilding. The defects may involve original construction or they may result from continued neglect or lack of repair or from serious damage to the structure.

**Disclosure** – A requirement that all information regarding a specific property be disclosed to the buyer prior the buyer purchasing the property.

**Discount Points** – See Points.

**Discretionary Income** – Income remaining after all expenses have been met.

**Dispute** – Questions the accuracy of information in a credit report.

**Documentary Stamps** – A state tax, in the forms of stamps, required on deeds and mortgages when real estate title passes from one owner to another. The number of stamps required varies with each state.

## Glossary (cont.)

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**Down Payment** – The part of the purchase price that the buyer pays in cash and does not finance with a mortgage.

**Due-on-Sale Clause** – A provision in a mortgage allowing the lender to demand repayment in full if the borrower sells the property securing the mortgage.

**Earnest Money** – The deposit money given to the seller or his agent by the potential buyer upon the signing of the agreement of sale to show that he is serious about buying the house. If the sale goes through, the earnest money is applied against the down payment. If the sale does not go through, the earnest money will be forfeited or lost unless the binder or offer to purchase expressly provides that it is refundable.

**Easement** – Right or interest in the land of another entitling the holder to a specific limited use, privilege, or benefit, such as installing utilities or crossing the property.

**Effective Gross Income (EGI)** – The Gross Income minus uncollectible rents and vacancies. Vacancy is expressed as a percentage and is determined by market factors for the type of project.

**Egress** – The legal right to exit or leave a property.

**Elderly Person** – The term elderly person means a person who is at least 62 years of age.

**Eminent Domain** – The legal right of government to take private property for public use, provided the owner is offered just compensation for taking the property.

**Encroachment** – An obstruction, building, or part of a building that intrudes beyond a legal boundary onto neighboring private or public land, or a building extending beyond the building line.

**Encumbrance** – A legal right or interest in land that affects a good or clear title and diminishes the land's value. It can take numerous forms, such as zoning ordinances, easement rights, claims, mortgages, liens, charges, a pending legal action, unpaid taxes, or restrictive covenants.

**Endangered** – Species that are in danger of extinction. It also is a category that denotes protection under federal law (Endangered Species Act).

**Environmental Protection Agency (EPA)** – The federal body charged with responsibility for natural resource protection and oversight of the release of toxins and other threats to the environment.

**Environmental Review** – The evaluation of the environmental consequences of acquiring or constructing a home. The review is performed according to a statutory checklist and must be signed by a tribal official.

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**Equal Credit Opportunity Act (ECOA)** – A federal law that prohibits lenders from denying mortgages based on the borrower's race, color, religion, national origin, age, sex, marital status, or receipt of income from public assistance programs.

**Equity** – The difference between the market value of a property and the homeowner's outstanding mortgage balance. Equity is computed by subtracting from the property's fair market value the total of the unpaid mortgage balance and any outstanding liens or other debts against the property. A homeowner's equity increases as he pays off his mortgage or as the property appreciates in value. When the mortgage and all other debts against the property are paid in full, the homeowner has 100 percent equity in his property.

**Equity Loan** – See Home Equity Loan.

**Escrow** – The holding of documents and money by a neutral third party prior to closing; also, an account held by the lender into which a homeowner pays money for taxes and insurance.

**Escrow Account Statement** – A description of the funds held in escrow, an account that is set up by the lender to collect and hold monthly payments toward annual property taxes and homeowner's insurance.

**Escrow Payment** – The portion of a mortgagor's monthly payment held by the lender to pay for taxes, hazard insurance, mortgage insurance, lease payments, and other items as they become due.

**Eviction** – The lawful expulsion of an occupant from real property.

**Factor Table** – A table that can be used to calculate a monthly mortgage amount or monthly payment amount.

**Fair Credit Reporting Act (FCRA)** – The FCRA protects consumers' privacy by defining the permission a business or individual must have when requesting a credit report; provides consumers with the right to obtain copies of their credit reports for free if denied credit; defines obsolete information; and declares that reasonable procedures must be used to ensure accuracy.

**Fair and Accurate Credit Transaction Act (FACTA)** – The FACTA amends the FCRA and allows consumers to request and obtain a free credit report once every twelve months from each of the three nationwide consumer credit reporting companies. In cooperation with the Federal Trade Commission (FTC), the three major credit reporting agencies provide free access to annual credit reports through the government sponsored website, [www.AnnualCreditReport.com](http://www.AnnualCreditReport.com). The law also requires all creditors and financial institutions to maintain an Identity Theft Prevention Program that reduces the theft or misuse of a consumer's identity.

**Fair Credit Billing Act (FCBA)** – Consumer protection law that provides the right for consumers to dispute billing errors associated with credit card accounts.

## Glossary (cont.)

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**Fair Debt Collection Practices Act (FDCPA)** – The FDCPA is a consumer protection law designed to eliminate abusive debt collection practices by debt collectors, to ensure that those debt collectors who refrain from using abusive debt collection practices are not competitively disadvantaged and to promote consistent State action to protect consumers against debt collection abuses.

**Fair Housing Act** – A federal law that prohibits discrimination in residential real estate transactions based on race, color, religion, sex, handicap, familial status, or national origin.

**Fair Market Rent** – Rents published annually by HUD based on survey data collected to determine the prevailing market rent for various size rental units by county.

**Fair Market Value** – The price at which property is transferred between a willing buyer and a willing seller, each of whom has a reasonable knowledge of all pertinent facts and neither of whom is under any compulsion to buy or sell.

**Family** – The term family includes, but is not limited to, a family with or without children, an elderly family, a near-elderly family, a disabled family, a single person, as determined by Indian tribes.

**Fee Simple Absolute** – The maximum possible estate or right of ownership of real property. When a person owns a fee simple absolute estate interest, that person has the absolute right to use the land, possess it, dispose of it (through sale, will, gift, or in any other manner), and even damage it. There are no restrictions and the estate does not terminate automatically. There is no event that will cause ownership of the property to revert to the grantor.

**Federal Housing Administration (FHA)** – The government agency that sets standards for construction and underwriting and insures loans made by banks and other private lenders for home building.

**Fees** – Charges or assessments for costs incurred in originating, processing, preparing, and recording documents associated with a home mortgage loan.

**FHA Loan** – A mortgage that is insured by the Federal Housing Administration.

**FHA Section 247A Mortgage Insurance Program** – A loan program that can be used by eligible native Hawaiians to construct a home, refinance (includes FHA streamline refinancing), purchase and rehabilitate a home, or refinance and rehabilitate a home on Hawaiian Home Lands.

**FHA Section 248 Mortgage Insurance Program** – A loan program that can be used on trust property for Natives to buy an existing home (including a manufactured or mobile home, providing it meets certain FHA requirements) or build a home.

**Finance Companies** – A company whose business and primary function is to make loans to individuals, while not receiving deposits like a bank.



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**Final Design Phase** – The designation used by engineers for the last portion of the design process prior to bidding.

**Final Inspection** – A final site review of the project by the owner usually with contractor and owner's authorized representative prior to issuing the final certificate for payment.

**First Lienholder** – The holder of a first mortgage of a beneficial real property interest in land given by a mortgage to secure a loan.

**First Mortgage** – The mortgage that has first claim in the event of default.

**Fixed-Rate Mortgage** – A mortgage in which the interest rate does not change during the entire term of the loan.

**Float** – An interest rate that is tied to some variable (floating) interest rate benchmark, such as a specific-maturity Treasury yield.

**Floating Rate** – Interest rate that is reset periodically, usually every couple of months or sometimes daily.

**Flood Certificate** – A certificate issued by a licensed surveyor indicating that a specific property is not located in a federally designated flood zone.

**Flood Insurance** – Insurance required for properties in federally designated flood areas. This type of insurance compensates for physical property damage resulting from flooding. It is required for properties located in a federally designated flood zone.

**Flood Zone** – A federal designation for areas that are located within a Special Flood Hazard Area (SFHA) or for properties within the 500-year floodplain.

**Forbearance** – The lender's postponement of foreclosure to give the borrower time to catch up on overdue payments.

**Force Account** – The TDHE acts as the general contractor and hires its own crew called force account crew.

**Foreclosure** – The process by which a mortgaged property may be sold when a mortgage is in default.

**Fractionated Land** – Allotted trust property that is not divided among all the owners.

**Fraud** – Intentional perversion of truth to induce another to part with something of value or to surrender a legal right.

**Frontage** – The continuous linear distance along any approved way, measured on the street line, between the side lot lines.

**Front End Ratio** – The percentage of income set by the lender that is available for principal, interest, taxes, and insurance.

## Glossary (cont.)

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**Gap Analysis** – An analysis of the gap between requirements that are met and not met; a deficiency assessment.

**GAP Financing** – An interim loan made to provide funding during the time between the end of loans extended during the development stage of a project and the beginning of the permanent mortgage extended to the buyer.

**Garnishment** – A process through which part of a debtor's wages are withheld and paid to creditors. This can happen only after a creditor takes legal action.

**General Conditions** – A portion of the contract documents stipulating the contractor's performance requirements.

**General Contractor** – An individual or company having "primary" responsibility for the work. A General Contractor can perform work with its own contractors or can provide some or all services to owners using subcontractors.

**General Warranty Deed** – A deed that conveys not only all the grantor's interests in and title to the property to the grantee, but also warrants that if the title is defective or has a "cloud" on it (such as mortgage claims, tax liens, title claims, judgments, or mechanic's liens against it) the grantee may hold the grantor liable.

**Gift Letter** – A letter that documents the source/relationship and source of funds provided by a third party to help a homebuyer purchase a home. Examples are funds from a tribe, a TDHE, a gift from a relative, or a grant from a government or nonprofit program.

**GIS (Graphic Information Systems)** – GIS technology is used to develop maps that depict resources or features such as soil types, population densities, land uses, transportation corridors, waterways, etc. GIS computer programs link features commonly seen on maps (such as roads, town boundaries, water bodies) with related information not usually presented on maps, such as type of road surface, population, type of agriculture, type of vegetation, or water quality information. A GIS is a unique information system in which individual observations can be spatially referenced to each other.

**Goal** – A goal is a measure that is used to guide and motivate an organization toward achieving its mission.

**Government Bond** – Negotiable U.S. securities, such as Treasury bills, bonds, notes, and savings bonds. Government securities are considered among the safest investments available as they are backed by the U.S. government.

**Government Insured Mortgage** – a loan that is backed by the Federal Housing Administration. FHA borrowers pay for mortgage insurance thereby protecting the lender if a borrower defaults on the loan.

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**Graduated Payment Mortgage** – A mortgage that starts with low monthly payments that increase at a predetermined rate.

**Grant Beneficiary** – The Indian tribe or tribes on whose behalf a grant is made under NAHASDA to a recipient.

**Green Building or Green Design** – Building design that yields environmental benefits, such as savings in energy, building materials, and water consumption, or reduced waste generation.

**Green Proofing** – Green Proofing is a movement that seeks to encourage communities and government to move toward greater environmental controls to restore and preserve the Earth's resources for future generations and ensure healthy and sustainable communities.

**Greenway** – A linear open space; a corridor composed of natural vegetation. Greenways can be used to create connected networks of open space that include traditional parks and natural areas.

**Gross Income** – All income before taxes and any other deductions.

**Groundwater** – All water below the surface of the land. It is water found in the pore spaces of bedrock or soil and it reaches the land surface through springs or it can be pumped using wells.

**Guarantor** – A person or entity that agrees to be responsible for another's debt if the other party fails to pay the unpaid purchase price of a home.

**Hard Costs** – The direct cost to construct a building/project, also known as “bricks and mortar” costs, as distinguished from soft cost.

**Hawaiian Home Lands** – In 1921, the federal government set aside in the Territory of Hawaii 200,000 acres as a land trust for homesteading by native Hawaiians, known as the Hawaiian Home Lands.

**Hazard Insurance** – Insurance to protect the homeowner and the lender against physical damage to a property from fire, wind, vandalism, or other hazards.

**Historic Area** – An area or building in which historic events occurred, or one which has special value due to architectural or cultural features relating to the heritage of the community. Elements in historic areas have significance that necessitates preservation or conservation.

**HOME-Assisted Units** – A term that refers to the units within a HOME project for which rent, occupancy and/or resale restrictions apply. The number of units designated as HOME-assisted affects the maximum HOME subsidies that may be provided to a project.

## Glossary (cont.)

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**Homebuyer** – A family that is purchasing a home pursuant to a lease purchase agreement. Upon completion of all required homebuyer payments and transfer of title to the housing unit, the family becomes a homeowner.

**Homebuyer Program** – A program designed as a lease-purchase program structured to assist families become mortgage-ready within a period of time so they assume the lease-purchase home.

**Homebuyer Counseling Agreement** – An agreement between the homebuyer and the housing entity regarding respective responsibilities in fulfilling housing counseling requirements.

**Homebuyer Payment** – Payment by a family purchasing a home pursuant to a lease purchase agreement. Upon completion of all required homebuyer payments and transfer of title to the housing unit, the family becomes a homeowner.

**Home Equity Loan** – A loan (sometimes called a line of credit) under which a property owner uses his or her residence as collateral and can then draw funds up to a prearranged amount against the property.

**Home Inspection Form** – Borrower must sign an acknowledgment form regarding the importance of a home inspection and that the lender/HUD does not warrant condition of property.

**Home Inspector** – A professional inspector who performs pre-purchase home inspections and/or periodic and move-out inspections.

**Homeland Security Act (HSA) of 2002** – HSA created the Department of Homeland Security (DHS) in response to the aftermath of the September 11, 2001 terrorist attacks. The DHS works in the civilian sphere to carry out its primary responsibility of protecting the territory of the United States from terrorist attacks and responding to natural disasters.

**Homeless Family** – A family who does not have safe, sanitary, and affordable housing even though it may have temporary shelter provided by the community; or a family who is homeless as determined by the Indian tribe.

**Homeless Housing** – Any facility, the primary purpose of which is to provide temporary or transitional shelter for the homeless in general or for homesite specific populations of the homeless.

**Homeowner's Insurance** – An insurance policy that combines liability coverage and hazard insurance.

**Homeowner** – An individual or family who has a mortgage, holds title to a housing unit, or will have a mortgage through NAHASDA assistance to a housing unit.

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**Homeowner's Warranty** – A type of insurance that covers repairs to specified parts of a house for a specific time.

**Household** – One or more persons occupying a housing unit.

**Housing Counselor** – The staff who works provides homebuyer education, one-on-one counseling, including pre-purchase and post-purchase counseling.

**Housing Element** – A comprehensive assessment of current and projected housing needs for all economic segments of the community. It sets forth local housing policies and programs to implement those policies.

**Housing Improvement Program (HIP)** – A program offered by the BIA to assist the neediest families in obtaining home rehabilitation or home replacement assistance. This program has experienced serious reductions in funding over the past 15 years and selection for assistance is now based on a national pool.

**Housing Management Services** – Includes the provision of management services for affordable housing, including preparation of work specifications, loan processing, inspections, maintenance, tenant selection, management of tenant based rental assistance, and management of affordable housing projects

**Housing Quality Standards (i.e., HUD's HQS)** – A series of standards that specify the basic living and structural conditions for existing properties.

**Housing Ratio** – The percentage of a mortgage borrower's income that would be used to pay for mortgage costs.

**Housing Services** – Includes the provision of housing-related services for affordable housing, such as housing counseling in connection with rental or homeownership assistance, establishment and support of resident organizations and resident management corporations, energy auditing, activities related to the provision of self-sufficiency and other services, and other services related to assisting owners, tenants, contractors, and other entities, participating or seeking to participate in other housing assisted pursuant to section 202 of NAHASDA.

**HUD (U.S. Department of Housing and Urban Development)** – The government agency that includes the Federal Housing Administration, which insures certain home mortgage loans made by lenders and sets minimum standards for such homes.

**HUD-1 Settlement Statement** – Required by Real Estate Settlement Procedures Act, this is a two-page form that lists all the charges paid by both the seller and the buyer. Both parties must sign this form and the lender will keep the original in the loan file.

**HVAC** – Heating, ventilation, and air conditioning systems.

## Glossary (cont.)

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**IHA Homeownership Financing** – IHA financing for purchase of a home by an eligible homebuyer who gives the IHA a promissory note and mortgage for the balance of the purchase price.

**Impact Fees** – Costs imposed on new developments to fund public facility improvements required by new development and ease fiscal burdens on localities.

**Income** – Under NAHASDA income is derived from all sources of each member of the household, as determined in accordance with criteria prescribed by the Secretary, except that the following amounts may not be considered as income under this paragraph:

(A) Any amounts not actually received by the family.

(B) Any amounts that would be eligible for exclusion under section 1613(a)(7) of the Social Security Act. in this glossary.

**Indian Health Service (IHS)** – An operating division within the U.S. Department of Health and Human Services and is responsible for providing direct medical and public health services to members of federally-recognized Native American Tribes and Alaska Native people. Their mission is to raise the physical, mental, social, and spiritual health of American Indians and Alaska Natives to the highest level.

**Ingress** – The legal right to come in or enter a property.

**Indian** – Any person recognized as being Indian or Alaska Native by an Indian Tribe, the federal government, or any state, and includes the term “Native American.”

**Indian Area** – The area within which an Indian Housing Authority is authorized to provide housing.

**Indian Housing Authority (IHA)** – Any entity that was authorized under the 1937 Housing Act to engage or assist in the development or operation of low-income housing for Indians and that is established either (1) by exercise of the power of self-government of an Indian Tribe independent of State law; or (2) by operation of State Law providing specifically for housing authorities for Indians, including regional housing authorities in the State of Alaska.

**Indian Housing Block Grant (IHBG)** – A formula grant that provides a range of affordable housing activities on Indian reservations and Indian areas.

**Indian Tribe** – Any tribe, band, pueblo, group, community, or nation of Indians or Alaska Natives.

(A) IN GENERAL – The term “Indian tribe” means a tribe that is a federally recognized tribe or a State recognized tribe.

(B) FEDERALLY RECOGNIZED TRIBE – The term “federally recognized tribe” means any Indian tribe, band, nation, or other organized group or community of Indians, including any Alaska Native village or regional or village corporation as defined in or established pursuant to the Alaska Native Claims Settlement Act,



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that is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians pursuant to the Indian Self Determination and Education Assistance Act of 1975.

(C) STATE RECOGNIZED TRIBE

(i) IN GENERAL – The term “State recognized tribe” means any tribe, band, nation, pueblo, village, or community

(a) that has been recognized as an Indian tribe by any State; and

(b) for which an IHA has, before the effective date under section 705, entered into a contract with the Secretary pursuant to the United States Housing Act of 1937 for housing for Indian families and has received funding pursuant to such contract within the 5 year period ending upon such effective date.

**Individual Account** – A credit account established by an individual for that individual’s use only.

**Individual Allotted Trust Land** – Land owned by the United States and held in trust for the benefit of an individual Indian. Also referred to as Allotted Trust.

**Individual Development Account (IDA)** – Matched restricted savings account designed to help low-income families accumulate savings. It enables participants to save on a regular basis and obtain an economic asset for the long term.

**Individual Retirement Account (IRA)** – A retirement plan through which your payroll contributions are invested and result in a reduction of the income tax you owe for the year in which the contribution is made.

**Inflation Rider** – An assurance that the insurance coverage increases automatically as the property’s value increases.

**Infrastructure** – Water and sewer lines, roads, urban transit lines, schools and other public facilities needed to support developed areas.

**Inquiry** – An examination of a consumer’s credit history.

**Inspection Fees** – The costs charged for performing an inspection.

**Installment Loan** – A type of credit in which the debt is divided into amounts to be paid successively at specified intervals set by the terms of the loan.

**Interest Rate** – The fee charged for borrowing money.

**Interest Rate Cap** – A provision of an ARM limiting how much interest rates may increase per adjustment period. See also Lifetime Cap.

**Internal Revenue Service’s Adjusted Gross Income** – Used to determine program eligibility from IRS form 1040 Series for Individual Federal Income tax purposes. The IRS definition of AGI is defined as gross income minus deductions.

## Glossary (cont.)

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**Intestate** – To die leaving no valid will.

**Invitation for Bids (IFB)** – A solicitation document which explains what the owner is buying and requests bids, proposals, or quotas from potential contractors.

**Joint Account** – An account shared by two or more people.

**Joint Tenancy** – A form of co-ownership giving each tenant equal interests and equal rights in the property, including the right of survivorship.

**Judgment** – The formal decision of a court upon the respective rights and claims of the parties to an action or suit. After a judgment has been entered and recorded with the county recorder, it usually becomes a general lien on the defendant's property.

**Jurisdiction** – A unit of general local government. This can be the Tribal Court system. If the Tribal Court system does not have an ordinance regarding certain subject matter the court can reference Federal and State codes, but those codes are not necessarily binding in the Tribal Courts.

**Jurisdiction** – As used in NAHASDA, it shall mean "Indian Area," except where specific reference is made to the jurisdiction of a court.

**Keogh Account** – A plan that allows people to make tax-deductible contributions from their income into a retirement savings account.

**Land Contract** – A form of seller financing. It is like a mortgage, but rather than borrowing money from a lender or bank to buy real estate, the buyer makes payments to the real estate owner, or seller, until the purchase price is paid in full. See also Contract for Deed.

**Land Trusts** – Nonprofit organizations interested in the protection of natural resources and historic areas. Activities include public education, purchase, and coordination of conservation easements and planning services.

**Land Use** – The way a parcel of land is used or occupied.

**Late Charge** – The penalty or fee a borrower must pay when a payment is made after the due date.

**Lead-Based Paint Hazards** – Any condition that causes exposure to lead from dust hazards, soil-lead hazards, or lead-based paint that is deteriorated or present in chewable surfaces, friction surfaces, or impact surfaces, and that would result in adverse human health effects.

**Lead-Based Paint Inspection** – A surface-by-surface investigation to determine the presence of lead-based paint and the provision of a report explaining the results of the investigation performed by a certified paint inspector or risk assessor.

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**Lead Hazard Screen** – A limited risk assessment activity that can be performed instead of a risk assessment in units that meet certain criteria (e.g., good condition). The screen must be performed by a certified risk assessor. If the unit fails the lead hazard screen, a full risk assessment must be performed (40 CFR 745.227(c)).

**Lease or Lease Contract** – This is the complete agreement between the parties as it exists at any given time. It is the original lease as it has been modified to date.

**Lease/Purchase Mortgage Loan** – An alternative financing option that allows low- and moderate-income homebuyers to lease a home from a nonprofit organization with an option to buy. Each month's rent payment consists of PITI payments on the first mortgage, plus an extra amount that is earmarked for a savings account in which money for a down payment accumulates. See also Lease with Option to Purchase.

**Leasehold Encumbrance** – A mortgage, deed of trust, or other lien on the leasehold interest given to secure the repayment of a loan obtained by the lessee.

**Leasehold Interest** – The interest conveyed by the lessor to the lessee under the lease; in other words, the lessee's interest in the land. It consists of the right to the quiet enjoyment of the leased premises for the term of the lease, subject to the requirements of the contract.

**Leasehold Mortgage** – A loan to a lessee secured by a leasehold interest in a property.

**Lease with Option to Purchase** – A type of financing option that allows a potential homebuyer to lease a home with an exclusive option to buy within a specified time frame. Typically, each month's rent payments include an extra amount that is deposited into a savings account to accumulate money for down payment and closing costs. See also Lease/Purchase Mortgage Loan.

**Legal Description** – A property description recognized by law that is sufficient to locate and identify the property without oral testimony.

**Legal Jurisdiction** – The area in which the legal governing body can enact and enforce its laws.

**Lender** – One who loans money to a borrower.

**Lessee (tenant)** – The person(s) holding rights of possession and use of property under terms of a lease.

**Lessor (landlord)** – The one leasing property to a lessee.

**Lien** – A legal claim by one person on the property of another as security for money owed. Such claims may include obligations not met or satisfied, judgments, unpaid taxes, materials, or labor, and the claim lasts until the satisfaction of some debt or duty.

## Glossary (cont.)

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**Lien, Mechanic's Lien** – A guarantee of payment to builders, contractors, and construction firms that build or repair structures. Mechanic's liens also extend to suppliers of materials and subcontractors and cover building repairs as well. The lien ensures that the workmen are paid before anyone else in the event of liquidation.

**Lien Release (also called a lien waiver)** – A written release from contractors to owners and property owners that releases any mechanic lien or rights contractor and suppliers might have.

**Life Estate** – A provision that allows for the transfer of interests in property to heirs in the event of death.

**Lifetime Cap** – A provision of an ARM that limits the total increase in interest rates over the life of the loan.

**Line of Credit** – An agreement by a commercial bank or other financial institution to extend credit up to a certain amount for a certain time to a specific borrower.

**Liquidated Damages** – a sum of money whose amount the parties designate during the formation of a contract that specifies compensation for an aggrieved party if the other party breaches certain part(s) of the contract. (e.g., late performance).

**Loan** – A sum of money provided to a borrower in exchange for repayment of the amount loaned plus interest.

**Loan Amount** -- the amount you borrow. Also referred to as principal.

**Loan Commitment** – See Commitment Letter.

**Loan Estimate** – An estimate of closing costs, which must be provided by the lender within three business days of the loan application. This estimate does not have to be exact but must be a good faith estimate.

**Loan Guarantee** – A commitment by a guarantor for all or part of a mortgage loan from a lender to a Participant. It is a promise by one party (the guarantor) to assume the debt obligation of a borrower if that borrower defaults.

**Loan Modification** – An agreement between the borrower and the lender that changes the terms of the loan.

**Loan Origination** – See Origination.

**Loan Origination Fee** – See Origination Fee.

**Loan Processing** – The steps a lender takes to decide if a buyer can qualify for a loan.

**Loan Servicing** – The collection of mortgage payments from borrowers and performance of related responsibilities by a loan servicer.

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**Loan-to-Value (LTV)** – the maximum amount of credit that a lender may lend against collateral.

**Loan-to-Value Ratio** – The relationship between the amount of a mortgage and the total value of the property by which the mortgage is secured.

**Lock-In** – A written agreement guaranteeing the homebuyer a specified interest rate, provided the loan is closed within a set period. The lock-in also usually specifies the number of points to be paid at closing.

**Loss Payable Clause** – A clause in a fire insurance policy listing the priority of claims in the event of destruction of the insured property. Generally, a mortgagee, or beneficiary under a deed of trust, is the party specified in the clause to be paid the amount owed under the mortgage or deed of trust before the owner is paid.

**Lot Area** – Area is the total square footage of horizontal area included within the property lines. Zoning ordinances typically set a minimum required lot area for building in a zoning district.

**Low-Income Family** – A family whose annual income does not exceed 80 percent of the median income for the area, as determined by HUD with adjustments for smaller and larger families. HUD may establish income limits higher or lower than 80 percent of the median income for an Indian area based on its finding that such variations are necessary because of the prevailing levels of construction costs or unusually high or low family incomes.

**Low-Rent Housing** – In the context of this material, this refers to a HUD 1937 Act program under which IHAs built either single-family homes or multifamily housing to rent to low-income families. These homes are now operated and maintained by TDHEs under NAHASDA.

**Lump Sum Agreement** – A written agreement in which a specific amount is set forth as the total payment for completing the contract, within the development outlining program requirements and restrictions.

**Maintenance Costs** – Costs associated with maintaining your home, including replacing appliances, fixing the roof, landscaping. A good rule of thumb is to save between one and four percent for home maintenance costs.

**Margin** – The set percentage the lender adds to the index rate to determine the interest rate of an ARM.

**Market Value** – The expected sale price of something.

**Marketable Title** – A title that is free and clear of objectionable liens, clouds, or other title defects; a title that enables an owner to sell his property freely to others and that others will accept without objection.

## Glossary (cont.)

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**Master Plan** – A statement, through text, maps, illustrations, or other forms of communication, that is designed to provide a basis for decision making regarding the long-term physical development of the municipality.

**Match** – A contribution from a recipient that is required to access a source of financing. Match can be in the form of cash, donated services and materials, or other assets, such as land depending on the requirements of Program. Match requirements vary by the source or program in terms of percentage and type; federal or non-federal.

**Maximum Rents** – The most that a family may pay in rents under NAHASDA. Low-income families can pay no more than 30 percent of their adjusted income.

**Mechanic's Lien** – See Lien.

**Median Income** – Is the greater of the median income for the Indian area, which the Secretary shall determine, or the median income for the United States.

**Minimum Rents** – A rent that a recipient may establish that represents the minimum payment a family may make.

**Mission Statement** – A concise, written statement that communicates an organization's reason for existence, its purpose.

**Mitigation** – Process or projects replacing lost or degraded resources, such as wetlands or habitat, at another location.

**Mixed Use Development** – Development that is created in response to patterns of separate uses that are typical in suburban areas necessitating reliance on cars. Mixed use developments include residential, commercial, and business accommodations in one area.

**Moderate-Income** – A family whose income falls within 80 percent to 100 percent of the HUD National Median Income Limits or the County Area Income Limits published annually.

**Mortgage** – A legal document that pledges a property to the lender as security for payment of a debt.

**Mortgage (Open-End)** – A mortgage with a provision that permits borrowing additional money in the future without refinancing the loan or paying additional financing charges. Open-end provisions often limit such borrowing to no more than would raise the balance to the original loan figure.

**Mortgage Banker** – A company that originates mortgages exclusively for resale in the secondary market.

**Mortgage Broker** – A firm or individual that brings borrowers and lenders together and receives a commission.



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**Mortgage Commitment** – A written notice from the bank or other lending institution saying it will advance mortgage funds in a specified amount to enable a buyer to purchase a house.

**Mortgage Credit Life Insurance** – Insurance that will pay off the mortgage in the event of the homeowner's death.

**Mortgage Financing Assistance** – A program offered by a tribe, TDHE, nonprofit housing organization, lender, or governmental entity that provides funding assistance to pay all or part of the closing costs on purchase of a home.

**Mortgage Insurance** – See Private Mortgage Insurance.

**Mortgage Insurance Premium (MIP)** – The fee paid by a borrower to FHA or a private insurer for mortgage insurance to protect lenders against loss in insured mortgage transactions. In FHA insured mortgages, this represents an annual rate of one-half of one percent paid by the mortgagor monthly.

**Mortgage Note** – A written agreement to repay a loan. The agreement is secured by a mortgage, serves as proof of an indebtedness, and states the how it must be paid. The note states the actual amount of the debt that the mortgage secures and renders the mortgagor personally responsible for repayment.

**Mortgage Recordation** – The noting in the registrar's office in the county or the BIA Title Recording Plant of the details of a properly executed legal document, such as a deed, mortgage, a satisfaction of mortgage, or an extension of mortgage, thereby making it a part of the public record. See Recording.

**Mortgage Payment** – A regularly scheduled payment which includes principal and interest paid by borrower to lender of home loan. The payment amount may or may not include real estate taxes and property insurance. The principal portion is used to pay off the original loan amount; the interest is paid to the lender.

**Mortgagee** – The lender in a mortgage agreement.

**Mortgagor** – The borrower in a mortgage agreement.

**Mutual Help Homeownership Opportunity Program** – A lease-purchase program for low-income Indian households.

**Mutual Help and Occupancy Agreement** – A Mutual Help and Occupancy Agreement between an IHA and a homebuyer.

**Mutual Help Occupancy Program** – A HUD-funded low-income homeownership opportunity program.

**NAHASDA-Assisted Units** – Refers to the units within a project for which rent, occupancy and/or resale, or other NAHASDA restrictions apply because of using NAHASDA to finance or subsidize or otherwise assist the units.

## Glossary (cont.)

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**National Environmental Policy Act (NEPA)** – A comprehensive federal law requiring analysis of the environmental impacts of federal actions such as the approval of grants; also requiring preparation of an Environmental Impact Statement (EIS) for every major federal action significantly affecting the quality of the human environment.

**Native American Housing Assistance and Self-Determination Act (NAHASDA)** – Designed to recognize the unique relationship and history of the United States and the sovereign American Indian nations. It is intended to address the need of affordable housing on tribal lands for low income people and families as part of the federal government's responsibility to promote the general well-being of the country.

**Native Hawaiians** – Individuals having at least 50 percent Hawaiian blood.

**Negative Amortization** – Payment terms under which the borrower's monthly payments do not cover the interest due; as a result, the loan balance increases.

**Net Income** – Total income after taxes and other deductions are taken out.

**Net Income Before Debt Service** – The Net Income before Debt Service is calculated by subtracting the operating expenses of the project from the Effective Gross Income.

**Net Operating Income (NOI)** – The amount of income remaining after total operating expenses have been paid out of EGI.

**NIMBY** – The acronym for the "Not in my backyard" sentiment that exists among some people who do not want any type of change in their neighborhood.

**Non-Conforming Loan** – A loan that caters to people who cannot meet the standard income verification and credit history criteria established by a lender.

**Nontraditional Credit History** – A credit history that can be established by a person who does not have credit cards or has never had a loan. It can include receipts and cancelled checks from monthly payments for rent, utilities, and other bills.

**Notarized** – To certify a document through a notary public.

**Note** – See Mortgage Note. Also called a Promissory Note.

**Notice of Default** – A formal written notice to a borrower that a default has occurred and that legal action may be taken.

**Notice of Transfer of Mortgage Servicing** – A notice informing the applicant that the lender may sell or transfer the mortgage.

**Offer to Purchase Contract** – See Agreement for Sale and Purchase and Sales Agreement.

**Office of Native American Programs (ONAP)** – The Office of HUD that has been delegated authority to administer certain programs to benefit Indians.

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**Open Account** – An account that is active, still in use, or is still being paid.

**Operating Expenses** – Operating expenses are those expenses incurred in the day-to-day operations of an income producing property.

**Operating Proforma** – An operating budget statement which predicts a project's expected income, operating costs, and net operating income for a 12-month period.

**Option** – A contract agreement granting a right to purchase, sell, or otherwise contract for the use of a property at a stated price during a stated period.

**Option Period** – The period in which an option to purchase must be exercised.

**Origination** – The process of originating mortgages. Solicitation may be from individual borrowers, builders, or brokers.

**Origination Fee** – A fee paid to a lender for the evaluation, preparation, and submission of a proposed mortgage loan (limited to 1 percent for FHA and VA loans). It is stated as a percentage of the mortgage amount or points.

**Overcrowded Conditions** – Overcrowded means households with more than 1.01 persons per room.

**Overdraft Protection** – The provision of instant credit by a lending institution.

**Owner Financing** – A purchase in which the seller provides all or part of the financing.

**Paid as Agreed** – A designation on a credit report that indicates the consumer is repaying the credit account according to the terms of the credit agreement.

**Payment and Performance Bond** – Insurance carried by a contractor that ensures completion of the job.

**Payment Cap** – A provision of some ARMs limiting how much a borrower's payments may increase regardless of how much the interest rate increases; may result in negative amortization.

**Payment in Lieu of Taxes (PILOT)** – An agreement between a non-profit or TDHE and the county or state assessor.

**Per Capita Loan** – a loan secured by future distributions.

**Permissible Purpose** – The circumstances under which a consumer credit report may be disclosed by a credit bureau in accordance with the Fair Credit Reporting Act.

**PITI** – Principal, interest, taxes, and insurance are the components of a monthly mortgage payment.

**Plan** – A statement of policies, including text and diagrams, setting forth objectives, principles, standards, and plan proposals for the future physical development of the city or county.

## Glossary (cont.)

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**Planning** – The process of setting development goals and policy, gathering and evaluating information, and developing alternatives for future actions based on the evaluation of the information.

**Plans** – Drawings of improvements.

**Plans and Specifications** – Explains what a contractor proposes to do, including model types, specifications for materials to be used, and other details. Plans should show elevations, location of structure with setbacks, location of driveways and water/sewer lines, and a floor plan.

**Plat** – A diagram drawn to scale showing all essential data pertaining to the boundaries and subdivisions of a tract of land, as determined by survey or protraction. A plat should show all data required for a complete and accurate description of the land that it delineates, including the bearings (or azimuths) and lengths of the boundaries of each subdivision. A plat may constitute a legal description of the land and be used in lieu of a written description.

**Points** – A one-time charge by a lender to increase the yield of the loan; a point is 1 percent of the amount of the mortgage. Sometimes called “discount points.”

**Post-Purchase Counseling** – Services provided by a housing counselor to help new homeowners understand and adjust to their financial and home maintenance responsibilities.

**Predatory Lender** – A lender that directs a borrower away from loans with more affordable interest rates, without regard for whether the borrower can qualify for the lower rate. Instead, the applicant is offered a loan with a high interest rate, questionable fees, or unnecessary charges. Predatory lenders also target people who already own homes, often encouraging them to refinance their mortgage and possibly take out extra cash. Refinancing may not be in the homeowner’s best interests, and/or the terms may be unfavorable.

**Pre-Foreclosure Sale** – This is a procedure in which a lender allows a borrower to avoid foreclosure by selling the property for less than the outstanding balance of the loan. Also referred to as a “short sale.”

**Prepayment** – Payment of a mortgage loan, or part of it, before the due date. Mortgage agreements often restrict the right of prepayment either by limiting the amount that can be prepaid in any one year or charging a penalty for prepayment. The Federal Housing Administration does not permit such restrictions in FHA-insured mortgages.

**Prepayment Penalty** – A fee charged to a borrower who pays off a loan before it is due.

**Pre-Purchase Home Inspection** – An inspection of an existing home to ascertain the condition of the home. Usually ordered by the buyer and included as a contingency in the Purchase and Sales Agreement.

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**Prequalify** – The process of determining how much money a prospective home buyer will be eligible to borrow in addition to identifying and overcoming obstacles to mortgage readiness.

**Principal** – The basic element of the loan as distinguished from interest and mortgage insurance premium. In other words, principal is the amount upon which interest is paid. The amount borrowed or remaining to be paid; also, the part of the monthly payment that reduces the outstanding balance of a mortgage.

**Principal Residence** – The dwelling where the mortgagor maintains (or will maintain) his or her permanent place of abode, and typically spends (or will spend) most of the calendar year. A person may have only one principal residence at any one time.

**Private Mortgage Insurance (PMI)** – Insurance provided by nongovernment insurers that protects lenders against loss if a borrower default.

**Probate** – The official proving of a will as authentic or valid in a probate court.

**Promissory Note** – A written agreement to repay a loan. The agreement is secured by a mortgage, serves as proof of an indebtedness, and states the how it must be paid. The note states the actual amount of the debt that the mortgage secures and renders the mortgagor personally responsible for repayment.

**Promotional Inquiry** – An inquiry made into a consumer's credit report for purposes of a promotional offer.

**Property Taxes** – Taxes assessed based on the value of the property.

**Public Records** – Information that is available to the public, including tax liens, court judgments, and bankruptcy.

**Punch List** – A list prepared by the owner or his/her authorized representative of items of work requiring immediate corrective or completion action by the contractor.

**Purchase and Sales Contract** – A written contract signed by the buyer and seller stating the terms and conditions under which a property will be sold. Also referred to as Purchase Agreement.

**Quality of Life** – Those aspects of the economic, social, and physical environment that make a community a desirable place in which to live or do business. Quality of life factors include climate and natural features, access to schools, housing, employment opportunities, medical facilities, cultural and recreational amenities, and public services.

**Qualifying Household** – Household that meets all program requirements, making the household eligible for participation with the program.

## Glossary (cont.)

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**Qualifying Ratios** – Guidelines applied by lenders to determine how large a loan to grant a homebuyer, based on the percentage of monthly income that the borrower would need to spend for debt payments, including the mortgage payment.

**Quitclaim Deed** – Transfers whatever interest the maker of the deed may have in the parcel of land. A quitclaim deed is often given to clear the title when the grantor's interest in a property is questionable. By accepting such a deed, the buyer assumes all the risks. Such a deed makes no warranties as to the title, but simply transfers to the buyer whatever interest the grantor has. (See Deed.)

**Quote** – An offer that only contains a price for work or goods specified by the owner.

**Rate Lock** – See Lock-In.

**Ratios** – Guidelines applied by lenders to determine how large a loan to grant a homebuyer, based on the percentage of monthly income that the borrower would need to spend for debt payments, including the mortgage payment.

**Real Estate Agent** – A person licensed to negotiate and transact the sale of real estate on behalf of the owner.

**Real Estate Broker** – A middle man, or agent, who buys and sells real estate for a company, firm, or individual on a commission basis. The broker does not have title to the property, but generally represents the owner.

**Real Estate Settlement Procedures Act (RESPA)** – A consumer protection law that requires lenders to give borrowers notice of closing costs.

**Real Property** – A term commonly used in land law to denote any fixed property that is attached to land, the land itself and the associated rights.

**Recording** – See Mortgage Recordation.

**Refinance** – The process of paying off one loan with the proceeds from a new loan secured by the same property.

**Regulations** – Rules issued by government departments such as HUD that are authorized by statute and are a type of law.

**Rehabilitate** – The process of restoring and improving a property to a satisfactory condition by repair and renovation but not drastically changing the floor plan, form or style of architecture.

**Rent with Option to Buy** – See Lease/Purchase Mortgage Loan.

**Reposessed** – When a financial institution takes ownership of property (such as a home) that was purchased using credit because the borrower is not able to repay the loan.



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**Residential Lease** – A written document containing the conditions under which the possession and use of real or personal property are given by the owner to another for a stated period and for a stated consideration. Most residential leases in Native communities are referred to as a “homesite” lease for which the consideration is usually \$1 per year. All homesite leases on trust property must be approved by the tribe and approved and recorded by the BIA.

**Residential Mortgage Credit Report** – The more inclusive credit report required for mortgages sold into the secondary mortgage market. Verifies employment and address and checks national credit repositories.

**Restrictive Covenants** – Private restrictions limiting the use of real property. Restrictive covenants are created by deed and may “run with the land,” binding all subsequent purchasers of the land, or may be “personal” and binding only between the original seller and buyer. The determination of whether a covenant runs with the land or is personal is governed by the language of the covenant, the intent of the parties, and the tribal or state law, whichever is applicable, where the land is situated. Restrictive covenants that run with the land are encumbrances.

**Retail Card** – A credit card issued by a retail store.

**Revolving Credit Account** – Credit automatically available up to a predetermined limit as long as a consumer makes regular payments.

**Rural Housing Service (RHS)** – Offers a variety of programs to build or improve housing and essential community facilities in rural areas. They offer loans, grants, and loan guarantees for single-housing, and much more.

**Right of First Refusal** – Allows the tribe to purchase the home before it goes into foreclosure.

**Risk Assessment** – A comprehensive evaluation for lead-based paint hazards that includes paint testing, dust and soil sampling, and a visual evaluation. The risk assessment report identifies lead hazards and appropriate lead hazard reduction methods. A certified risk assessor must conduct the assessment.

**Runoff** – The water that flows off the surface of the land, ultimately into our streams and water bodies, without being absorbed into the soil.

**Rural Development Section 502 Direct Loan** – Loan available from the Rural Housing Service for low- and very-low income families to purchase an existing home or to build a home in accordance with Rural Development requirements.

**Rural Development Section 502 Guaranteed Loans** – Loans available from an authorized lender, which are guaranteed by Rural Development, for low- and very low-income households to obtain homeownership.

## Glossary (cont.)

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**Rural Development Section 504 Direct Loans/Grants** – Also known as Rural Housing Repair and Rehabilitation Loans. Funded directly by RD to very low-income rural residents who own and occupy a dwelling in need of repairs.

**Rural Housing Repair and Rehabilitation Loans** – See Rural Development Section 504 Direct Loan/Grant.

**Schematic** – A drawing made to scale. A preliminary sketch or diagram representing the proposed intent of the designer.

**Scope of Work** – A description of work or goods to be delivered by a contractor.

**Secondary Financing** – Financing real estate loans that are subordinate to a first mortgage or first trust deed.

**Secondary Mortgage Market** – The buying and selling of existing mortgages between lenders and investors. Most home loans are eventually sold to the secondary mortgage market.

**Second Mortgage** – A mortgage with rights that are subordinate to the rights of the first mortgage holder.

**Section 184 Indian Housing Loan Guarantee Program** – Authorized under the Housing and Community Development Act of 1992, the Section 184 Indian Loan Program is designed to offer homeownership, property rehabilitation, new construction, and refinance opportunities for eligible individual Native Americans, tribes, and Indian Housing authorities. Lenders participating under this program are provided a 100 percent guarantee by HUD for loans made under this program.

**Section 184A Native Hawaiian Housing Loan Guarantee Program** – The Hawaiian Homelands Homeownership Act of 2000 added a new Section 184A to the Housing and Community Development Act of 1992 which authorized the Native Hawaiian Housing Loan Guarantee Program. This program is designed to offer homeownership, property rehabilitation, and new construction opportunities for eligible native Hawaiian individuals and families wanting to own a home on Hawaiian Home Lands.

**Section 8** – The Section 8 Leased Housing Assistance Payments Program gave assistance to low-income families who lived in or preferred to find housing in the private housing market. HUD provided a subsidy to help meet the costs for operating the program and the IHA paid that portion of the rent that the tenant is unable to pay because their income was too low.

**Seller Take-Back** – An agreement in which the owner of a property provides financing, often in combination with an assumed mortgage.

**Settlement** – See Closing.

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**Settlement Sheet** – The computation of costs payable at closing that determines the seller's net proceeds and the buyer's net payment.

**Short Sale** – See Pre-Foreclosure Sale.

**Short-Term Credit** – Credit extended that requires payment within the year.

**Signature Loan** – A good faith loan that is unsecured and only requires the borrower's signature on the loan application.

**Siltation** – Process by which loose soil is transferred and builds up in streams, rivers, and lakes, causing changes in stream channels and in depth. It may result in filling in an area and/or causing flooding.

**Single-Room Occupancy (SRO)** – Housing consisting of single-room dwelling units that is the primary residence of its occupant or occupant(s). The unit must contain food preparation and/or sanitary facilities if the project involves new construction, conversion of non-residential space, or reconstruction. If the units do not contain sanitary facilities, the building must contain sanitary facilities shared by the tenants.

**Site Map and Legal Description** – Copy of plat/survey and legal description of property to be mortgaged.

**Site Plan** – A scaled plan showing proposed uses and structures for a parcel of land. A site plan could also show the location of lot lines, the layout of buildings, open space, parking areas, landscape features, and utility lines.

**Smart Growth** – Well-planned development that protects open space and farmland, revitalizes communities, keeps housing affordable, and provides more transportation choices.

**Social Security Evidence** – Documentation that a person has a valid Social Security number, usually contained on a pay stub or driver's license.

**Soft Costs** – Project costs that do not include the "bricks and mortar" of the development. These costs may include legal, architectural, financing, and environmental.

**Special Assessments** – A special tax imposed on property, individual lots, or all property in the immediate area for road construction, sidewalks, sewers, street lights, etc.

**Special Districts** – Geographic areas in which fees or taxes are collected to fund investments or services benefiting properties within the district.

**Special Information Booklet** – A booklet to help persons understand the nature and costs of settlement services.

## Glossary (cont.)

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**Special Lien** – A lien that binds a specified piece of property, unlike a general lien, which is levied against all a borrower's assets. It creates a right to retain something of value belonging to another person as compensation for labor, material, or money expended on that person's behalf. In some localities it is called "particular" lien or "specific" lien. (See Lien.)

**Special Use Permit** – Allows a land owner to develop a tract of land for use that does not fall directly under the permitted usage for that specifically zoned area provided the use meets certain conditions set out in the ordinance. Those conditions are generally related to avoiding adverse effects on the neighboring area. Such uses may be permitted in such zoning districts as special permits, where specific provision for such special permits is made in a town zoning bylaw or city zoning ordinance.

**Special Warranty Deed** – A deed in which the grantor conveys title to the grantee and agrees to protect the grantee against title defects or claims asserted by the grantor and those persons whose right to assert a claim against the title arose during the period the grantor held title to the property. Special warranty deeds do not provide a guarantee against any mistakes in a free and clear title that may have existed before the seller's ownership of the property. Thus, the grantor of a special warranty deed is only liable for debts or other encumbrances to the title which they caused, or which happened during their ownership of the property.

**Spending Plan** – A strategy for saving and spending money. It can be used as a guide to help a family track the flow of money through their household and how that money needs to be managed to meet expenses and savings goals.

**Statute of Limitations** – The period in which legal action must be brought for an alleged damage or injury.

**Subdivision** – A tract of land divided by the owner into blocks, building lots, and streets according to a recorded subdivision plat, which must comply with local ordinances and regulations.

**Sublease** – The leasing of premises by a lessee to a third party for part of the lessee's remaining term.

**Subprime Loan** – A loan designed to meet the needs of those who are unable to meet the standard income and credit history requirements. The interest is risk based.

**Subdivision Rules and Regulations** – Procedures, requirements, and provisions governing the subdivision of land that is specified in formal Rules and Regulations promulgated by a city or town. under the authority vested in the Planning Board by section 81-Q of Chapter 41 of the General Laws of Massachusetts.

**Subsidized Second Mortgage** – An alternative financing option for low- and moderate-income households that also includes a down payment and a first mortgage, with funds for the second mortgage provided by the tribe or TDHE; city, county, or state

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housing agencies; foundations; or nonprofit housing corporations. Payment on the second mortgage is often deferred and it carries no or low interest rates, and part of the debt may be forgiven for each year the family remains in the home. Also referred to as a soft second or a deferred mortgage.

**Substandard Housing** – A housing unit that is dilapidated; does not have operable indoor plumbing; does not have a usable flush toilet inside the unit for the exclusive use of a family; does not have a usable bathtub or shower inside the unit for the exclusive use of the family; does not have electricity, or has inadequate or unsafe electrical service, does not have a safe or adequate source of heat; should but does not have a kitchen; or has been declared unfit for habitation by an agency or unit of government.

**Supportive service housing** – Supportive service includes housing units and group quarters that has a supportive environment and includes a planned supportive service component. A planned supportive service component includes services provided to residents of supportive service housing for the purposes of facilitating the independence of residents. Examples of services include case management, medical or psychological counseling and supervision, childcare, transportation, and job training.

**Survey** – A drawing showing the legal boundaries of a property.

**Surveying** – The act of performing a survey.

**Sustainable Development** – Development with the goal of preserving environmental quality, natural resources and livability for present and future generations. Sustainable initiatives work to ensure efficient use of resources.

**Taking** – Occurs when a government action violates the 5th Amendment of the U.S. Constitution by taking private property for public use without offering fair compensation. “Takings” include physical acquisitions of land and may include regulations that unduly deprive landowners of certain uses of their property or have the effect of diminishing the value of property.

**Targeting** – Requirements of a program relating to the income or other characteristics of households that may occupy the assisted units.

**Tax** – As applied to real estate, an enforced charge imposed on persons, property, or income, to be used to support a governmental entity. The governing body in turn utilizes the funds in the best interest of the public.

**Total Development Cost (TDC)** – As established by HUD, the maximum sales price for a property sold to an individual as a primary residence is limited to the total development costs, which includes the acquisition cost plus rehabilitation or redevelopment costs necessary to rehabilitate the property.

**Tenancy by the Entirety** – A type of joint ownership of property available only to spouses.

## Glossary (cont.)

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**Tenancy in Common** – A type of joint ownership in a property without right of survivorship.

**Tenant-Based Rental Assistance (TBRA)** – A form of direct rental assistance in which the recipient tenant may move from a dwelling unit with a right to continued assistance. Includes security and utility deposits associated with the rental of dwelling units.

**Tenant Accounts Receivable (TAR)** – Rents or other funds owned by a tenant to the property owner.

**Term** – The period between the commencement date and termination date of a note, mortgage, legal document, or other contract.

**Term Insurance** – Insurance coverage provided for a specific period.

**Testate** – The state or condition of leaving a will at death.

**Three/Two (3/2) Option** – An alternative financing plan that enables households whose earnings are no more than 115 percent of the median income in their regional area to make a three percent down payment with their own funds, coupled with a two percent gift from a relative or a two percent grant or unsecured loan from a nonprofit or state or local government program.

**Title** – A legal document establishing the right of ownership. As generally used, the rights of ownership and possession of property.

**Title Company** – A company that specializes in insuring title to a property.

**Title Insurance** – Insurance to protect the lender (lender's policy) or the buyer (owner's policy) against loss arising from disputes over ownership of a property.

**Title Search** – A check of the title records to ensure that the seller is the legal owner of the property and that there are no liens or other claims outstanding.

**Title Status Report (TSR)** – A report issued by the BIA after a title examination that shows the proper legal description of a tract of Indian land; current ownership, including any applicable conditions, exceptions, restrictions, or insurances of record; and whether the land is in unrestricted, restricted, trust, or other status as indicated by the records in a BIA Land Titles and Records Office.

**Total Development Cost (TDC)** – The maximum cost by bedroom size that may be spent under NAHASDA for a dwelling unit. TDC includes the dwelling unit construction costs and includes site grading and utilities within five feet of the structure and all administrative and planning costs associated with the development and sale of the home.

**Tradeline** – Any credit account such as a bank loan, credit card, or mortgage.



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**Transfer Tax** – State or local tax payable when title passes from one owner to another.

**Transitional Housing** – Transitional housing is temporary housing, the purpose of which is to facilitate the movement of homeless individuals and families to permanent housing within 24 months.

**Tribal Transit Nodes** – Stops along a public transportation route where people board and disembark, often where one or more routes intersect with each other. These sites can provide ideal locations for mixed-use development as well as transit-oriented development (TOD).

**Transit-Oriented Development (TOD)** – The development of housing, commercial space, services, and job opportunities close to public transportation. Reduces dependency on cars and time spent in traffic, which protects the environment and can ease traffic congestion, as well as increasing opportunity by linking residents to jobs and services.

**Tribal Council** – The governing body of a federally recognized Tribe.

**Tribal Court** – The body as it may now or hereafter be authorized by the Tribal Laws to exercise the powers and functions of a court of law.

**Tribal Member** – An enrolled member of a federally recognized tribe.

**Tribal Trust** – Land that is owned by the United States and held in trust for the benefit of a tribe.

**Tribally Designated Housing Entity (TDHE)** – The entity designated by the Tribal governing body to plan, develop, and implement housing assistance programs for the benefit of enrolled members.

**Tri-Merged Credit Report** – Provides data from all major credit reporting agencies and merges it into one comprehensive report.

**Trust Land** – Land held in trust by the BIA for the benefit of a tribe or an individual.

**Trust Property** – See Tribal Trust or Allotted Land.

**Trustee** – A party who is given legal responsibility to hold property in the best interest of or for the benefit of another. The trustee is placed in a position of responsibility for another, a responsibility enforceable in a court of law. (See Deed of Trust.)

**Truth-in-Lending Act (TILA)** – A federal law that requires lenders to fully disclose, in writing, the terms and conditions of a mortgage, including the APR and other charges.

**Two-Step Loan** – Two-Step mortgages have a fixed rate for a certain time, most often five or seven years, and then the interest rate changes to a current market rate. After that adjustment the mortgage maintains a new fixed rate for the remaining 23 or 25 years.

## Glossary (cont.)

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**Underwriters** – Trained professionals who conduct underwriting tasks.

**Underwriting** – A comparison to ensure a homeowner/homebuyer can afford additional debt through an analysis of a homeowner's monthly income versus monthly housing expenses and/or total monthly debt. Underwriting is the process of determining the financial feasibility and terms of a project. The objective of underwriting is to determine whether the ongoing revenues from a property will be sufficient to cover construction and operating costs. There is no one "right" way to do underwriting. However, following are some common elements among all approaches:

- Review project costs for constructing the project to determine both reasonableness and eligibility
- Review sources of financing for the project
- Review the projected profitability and financial health of the project and establish the financing and operating terms

**Uniform Building Code (UBC)** – The Uniform Building Code is one of the families of codes and related publications published by the International Conference of Building Officials (ICBO) and other organizations, such as the International Association of Plumbing and Mechanical Officials (IAPMO) and the National Fire Protection Association (NFPA), which have similar goals for code publications. The Uniform Building Code is designed to be compatible with these other codes, as together they comprise the enforcement tools of a jurisdiction.

**Uniform Residential Loan Application (URLA)** – (1) An initial application signed and dated by the borrower and lender and (2) a final unsigned application ready to be signed at closing with the updated/verified assets, debts, and other information after completing the loan package.

**Uninvited Inquiries** – An inquiry made when a company requests a copy of someone's credit report to be pre-approved for a credit card or special offer. This type of inquiry is recorded on the person's credit report separately from credit inquiries that the person requests. Potential creditors will see only the credit inquiries that were initiated by the person covered by the credit report.

**United States Geological Survey (USGS)** – A federal agency which provides mapping of topography, aquifer levels, and areas where aquifers are recharged.

**Unit Inspection** – A unit inspection is one of the first steps in any construction project. For rehabilitation projects, it helps determine feasibility, what work needs to be done, and whether that work can be financed with the available funding.

**Units Needing Rehabilitation** – Units which fail to meet the tribe's/TDHE's housing quality standards (HQS). The tribe's/TDHE's HQS must be at least as stringent as those used for the Section 8 program (see 24 CFR 982.401) unless the Area Office of Native American Programs (ONAP) approves less stringent standards based on a

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determination that local conditions make the use of the Section 8 standards infeasible. Any less stringent standards must still, however, provide the following:

- That the house is safe, in a physically sound condition with all systems performing their intended design functions
- A livable home environment
- An energy efficient building and systems which incorporate energy conservation measures
- Adequate space and privacy for all intended household members

**USDA** – U.S. Department of Agriculture.

**U.S. Department of Housing and Urban Development (HUD)** – The government agency that includes the Federal Housing Administration, which insures certain home mortgage loans made by lenders and sets minimum standards for such homes.

**Useful Life** – The amount of time a property can remain affordable under NAHASDA.

**Utilities** – For purposes of determining utility allowances, utilities include electricity, gas, heating fuel, water, sewerage service, septic tank pumping/maintenance, and sewer system hookup charges (after development), and trash and garbage collection. Telephone service is not included as a utility.

**Variance** – The relaxation of requirements of a zoning district for a specific parcel or tract of land. Variances are often issued to avoid unnecessary hardships to a landowner.

**VA** – Veterans Administration.

**VA Direct Home Loans** – Loans that are guaranteed by the Veterans Administration to provide homeownership assistance on trust property to Native American veterans.

**Variance** – The relaxation of requirements of a zoning district for a specific parcel or tract of land. Variances are often issued to avoid unnecessary hardships to a landowner.

**Verification of Deposit Form** – Standard form used to assist in verifying and analyzing an applicant's funds.

**Verification of Employment Form** – Standard form used to assist in verifying and analyzing an applicant's employment history.

**Verification of Rent/Mortgage Form** – Standard form used to assist in verifying and analyzing an applicant's rent or mortgage payment history.

**Very-Low-Income Families** – Families whose annual incomes do not exceed 50 percent of the median income for the area (adjusted for family size).

**Visual Assessment** – A visual assessment involves looking for, as applicable, deteriorated paint; visible surface dust, debris, and residue as part of a risk assessment or clearance examination; or the completion or failure of a hazard reduction measure.

## Glossary (cont.)

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**Wetlands** – Area having specific hydric soil and water table characteristics supporting or capable of supporting wetlands vegetation.

**Working Drawing** – A drawing sufficiently complete with plan and section views, dimensions, details, and notes so that whatever is shown can be constructed and/or replicated without instructions but subject to clarifications.

**Work Order (WO)** – A written order, signed by the owner or his representative, of a contractual status requiring performance by the contractor without negotiation of any sort.

**Work Write Up** – A document prepared by the recipient's program staff responsible for inspecting and estimating project hard costs. It describes what construction work needs to be done in detail and specifies materials, methods, and quantities. It is used as the basis for a cost estimate.

**Wrap Around** – A contract for deed in which the seller keeps the original mortgage. The buyer makes payments to the seller, who forwards a portion to the lender holding the original mortgage. This can be very complicated and risky, especially when there are two or more buyers involved. To avoid being victimized, it is essential to have an attorney review all the documents.

**Zero-lot-line Development** – A development option where side yard restrictions are reduced and the building abuts a side lot line. Overall unit-lot densities are therefore increased. Zero-lot-line development can result in increased protection of natural resources.

**Zoning** – The acts of an authorized local government setting forth regulations for property land usage. Classification of land in a community into different areas and districts. Zoning is a legislative process that regulates building dimensions, density, design, placement and use within each district.

### DEFINITIONS REGARDING LAND:

**Allotted Trust Land** – Real property that is held in trust by the federal government for an individual or family, and which may not be alienated or encumbered without the consent of the Secretary of the Interior.

**Fee Simple Land** – Real property that may be completely conveyed by purchase or other methods without restriction.

**Restricted Land** – Real property (trust or allotted land) that may not be alienated or encumbered without the consent of the Secretary of the Interior due to federal treaty, statute, Executive Order, or tribal law.

**Trust Land** – Real property held in trust for the use and benefits of the tribe, occupant, or lease.