

~~ROARNE~~

Mortgage Lending

principles & practices

3rd edition

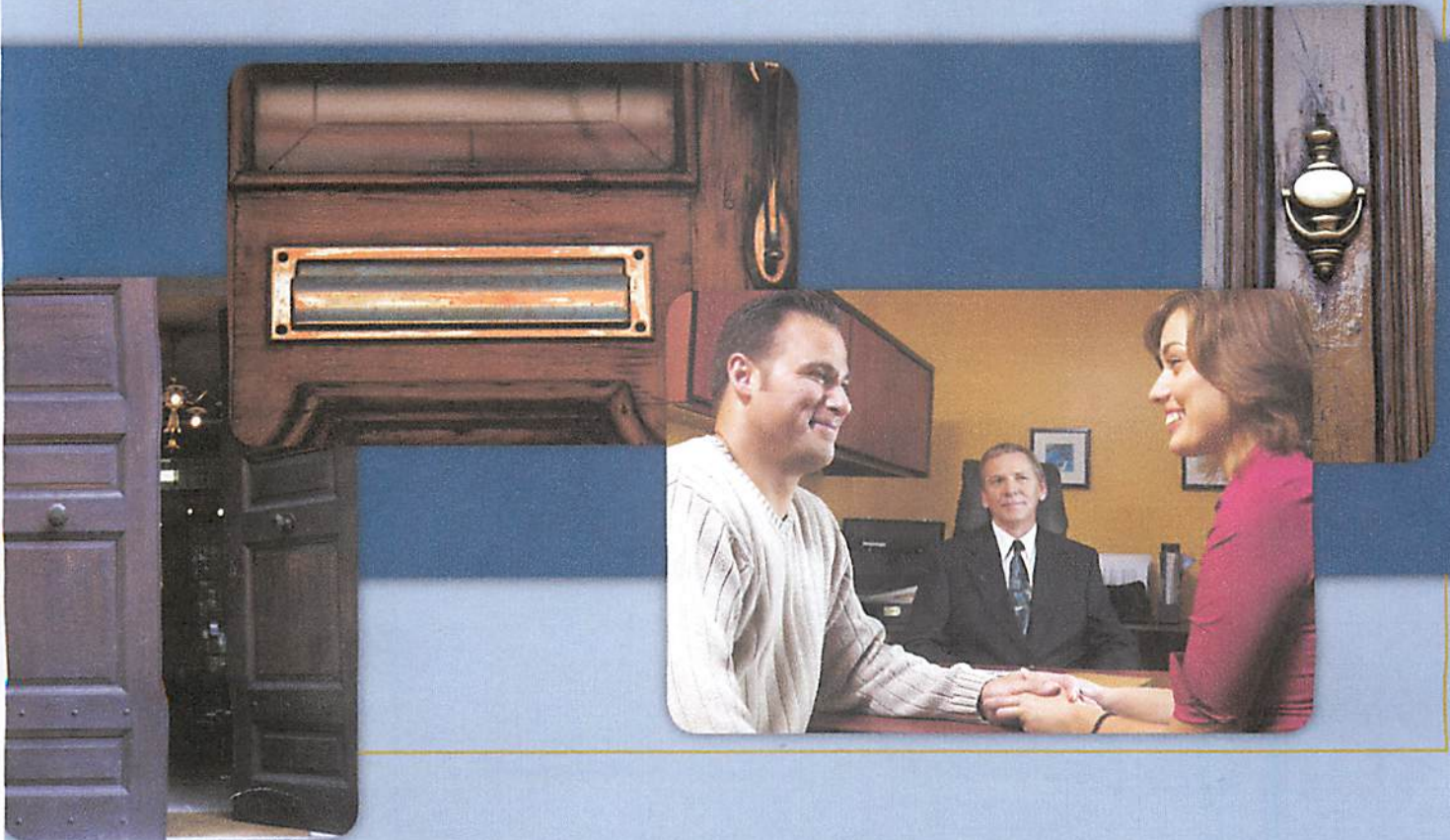




TABLE OF CONTENTS

Foreword	xi	Government Influence on Real Estate and Mortgages	21
Preface	xiii	Fiscal Policy and the U.S. Treasury Department	22
		Deficit Spending	22
		Taxation	22
		Monetary Policy and the Federal Reserve Board	24
		Federal Reserve System	24
		Monetary Policy	26
		Adjusting Interest Rates	28
		Summary	29
		Quiz	30
CHAPTER 1: An Overview of Mortgage Lending ..	1	CHAPTER 3: The Mortgage Lending Process	31
A Brief History of Mortgage Lending	2	Role of the Mortgage Professional	32
The Seeds of Today's Mortgage Industry	2	Functions of Mortgage Professionals	32
Federal Housing Administration (FHA)	3	Origination	32
Federal National Mortgage Association (Fannie Mae)	3	Loan Processing	32
Primary Mortgage Market Lenders	4	Underwriting	32
Commercial Banks	4	Servicing	32
Savings and Loan Associations	5	Getting a Buyer Approved	33
Mortgage Companies	6	Pre-Qualification	33
Mortgage Bankers	6	Pre-Approval	33
Mortgage Brokers	6	The Loan Approval Process	34
Other Primary Mortgage Market Lenders in		Consulting with the Lender	34
Residential Real Estate	7	Common Fees Associated with Real Estate Loans	35
Credit Unions	7	Completing the Loan Application	35
Finance Companies	7	Data Needed for an Application	36
Portfolio Lenders	7	The Loan Application	37
Mutual Savings Banks	8	Section I: Type of Mortgage and Terms of the Loan	37
Secondary Mortgage Markets	8	Section II: Property Information and Purpose of the Loan	37
Function of Secondary Markets	8	Section III: Borrower Information	43
The Flow of Mortgage Funds	9	Section IV: Employment Information	43
Secondary Markets Agencies	10	Section V: Monthly Income and Combined	43
Federal National Mortgage Association	10	Section VI: Assets and Liabilities	43
Government National Mortgage Association	10	Section VII: Details of the Transaction	44
Federal Home Loan Mortgage Corporation	11	Section VIII: Declarations	44
Secondary Market Standards	11	Section IX: Acknowledgment, Agreement, and Signatures	44
Present Day Mortgage Lending	12	Section X: Information for Government Monitoring Purposes	45
Federal Housing Finance Agency (FHFA)	12	Processing the Loan Application	45
The Subprime Mortgage Crisis	12	Analyzing the Borrower and the Property	45
Summary	13	The Underwriting Process	45
Quiz	15	Automated Underwriting	46
		Desktop Underwriter® and Loan Prospector®	46
		The Art of Qualifying a Borrower	46
		Income	48
		Housing Expense Ratio	48
CHAPTER 2: The Business of Real Estate	17		
Factors Affecting Real Estate	18		
Business Cycles	18		
Supply and Demand	18		
Inflation	18		
Interest Rates	19		
Real Estate Cycles	19		
Broad Forces Influencing Real Estate Cycles	19		
Physical	19		
Economic	20		
Governmental	20		
Social	21		

Table of Contents

<p>Total Debt Service Ratio 48</p> <p style="padding-left: 20px;">Fannie Mae Ratios for 95% Loans 49</p> <p>Using Ratios to Determine Maximum Mortgage Payment.. 49</p> <p>Stable Monthly Income 50</p> <p style="padding-left: 20px;">Bonuses, Commissions, and Part-Time Earnings 51</p> <p style="padding-left: 20px;">Overtime 51</p> <p style="padding-left: 20px;">Disability Payments 51</p> <p style="padding-left: 20px;">Social Security 51</p> <p style="padding-left: 20px;">Pensions and Retirement Benefits 51</p> <p style="padding-left: 20px;">Interest-Yielding Investments 51</p> <p style="padding-left: 20px;">Rental Income 51</p> <p style="padding-left: 20px;">Alimony, Child Support, and Maintenance 52</p> <p style="padding-left: 20px;">Unemployment and Welfare 52</p> <p style="padding-left: 20px;">Self-Employment Income 52</p> <p style="padding-left: 20px;">Co-Borrower 52</p> <p>Evaluating Income 53</p> <p style="padding-left: 20px;">Employment History 53</p> <p>Computing Monthly Income 54</p> <p>Verifying Income 54</p> <p style="padding-left: 20px;">Credit History 54</p> <p>Credit Scoring 55</p> <p style="padding-left: 20px;">FICO/BEACON Scores 55</p> <p style="padding-left: 20px;">Secondary Market 56</p> <p>Explaining Derogatory Credit 56</p> <p style="padding-left: 20px;">Bankruptcy 56</p> <p style="padding-left: 20px;">Bill Consolidation and Refinancing 57</p> <p>Verifying Credit History 57</p> <p>Net Worth 57</p> <p style="padding-left: 20px;">Evaluating Net Worth 58</p> <p style="padding-left: 40px;">Down Payment 58</p> <p style="padding-left: 40px;">Reserves 58</p> <p style="padding-left: 40px;">Other Assets 58</p> <p style="padding-left: 20px;">Verifying Deposits for Down Payment/Reserves 59</p> <p style="padding-left: 40px;">Gift Letter 59</p> <p style="padding-left: 20px;">Verifying Assets 59</p> <p>Closing the Loan 60</p> <p style="padding-left: 20px;">Closing Procedures 60</p> <p style="padding-left: 20px;">Settlement Statement 61</p> <p style="padding-left: 40px;">Settlement Statement Reconciliation 61</p> <p style="padding-left: 40px;">Proration 62</p> <p>Mortgage Exercises 63</p> <p style="padding-left: 20px;">Exercise 3-1 63</p> <p style="padding-left: 20px;">Exercise 3-2 63</p> <p>Summary 64</p> <p>Quiz 66</p>	<p>CHAPTER 4: Federal Lending Legislation 67</p> <p style="padding-left: 20px;">Truth in Lending Act (TILA) 68</p> <p style="padding-left: 40px;">Disclosures 69</p> <p style="padding-left: 40px;">Annual Percentage Rate (APR) 69</p> <p style="padding-left: 40px;">Finance Charges 70</p> <p style="padding-left: 80px;">Charges Included in the Finance Charge 70</p> <p style="padding-left: 80px;">Charges Excluded from the Finance Charge 71</p> <p style="padding-left: 40px;">Truth in Lending Statement (TIL) 72</p> <p style="padding-left: 80px;">Data in the "Federal Box" 72</p> <p style="padding-left: 80px;">Other Data Included for Closed-End Transactions 73</p> <p style="padding-left: 40px;">Additional Waiting Period 73</p> <p style="padding-left: 40px;">Right of Rescission 75</p> <p style="padding-left: 80px;">Extended Rescission Period 76</p> <p style="padding-left: 40px;">Advertising 76</p> <p style="padding-left: 80px;">Triggering Terms Requiring Disclosure 76</p> <p style="padding-left: 80px;">Required Advertising Disclosures 76</p> <p style="padding-left: 80px;">Terms That Do NOT Trigger Disclosure 77</p> <p style="padding-left: 80px;">Advertising Closed-End Credit 77</p> <p style="padding-left: 80px;">Advertising Open-End Credit 78</p> <p style="padding-left: 80px;">Other General Provisions 79</p> <p style="padding-left: 80px;">Sample Ad #1 (Incorrect Disclosures) 80</p> <p style="padding-left: 80px;">Sample Ad #2 (Correct Disclosures) 81</p> <p style="padding-left: 80px;">Sample Ad #3 (Incorrect Disclosures) 82</p> <p style="padding-left: 80px;">Sample Ad #4 (Correct Disclosures) 83</p> <p style="padding-left: 40px;">Other Practices Prohibited by TILA 84</p> <p style="padding-left: 80px;">Appraisal 84</p> <p style="padding-left: 80px;">Servicing 84</p> <p style="padding-left: 20px;">Real Estate Settlement Procedures Act (RESPA) 85</p> <p style="padding-left: 40px;">Settlement Services 85</p> <p style="padding-left: 40px;">Covered Transactions 86</p> <p style="padding-left: 40px;">RESPA Provisions 86</p> <p style="padding-left: 80px;">Kickbacks and Unearned Fees 86</p> <p style="padding-left: 80px;">Affiliated Business Arrangements 87</p> <p style="padding-left: 80px;">Seller Required Title Insurance 87</p> <p style="padding-left: 80px;">Limits on Escrow Accounts 88</p> <p style="padding-left: 80px;">Prohibition on Certain Fees 88</p> <p style="padding-left: 40px;">Required Disclosures 88</p> <p style="padding-left: 80px;">Disclosures At Loan Application 89</p> <p style="padding-left: 80px;">Disclosures Before Settlement Occurs 92</p> <p style="padding-left: 80px;">Disclosures At Settlement 92</p> <p style="padding-left: 80px;">Disclosures After Settlement 92</p> <p style="padding-left: 40px;">Good Faith Estimate (GFE) 93</p> <p style="padding-left: 80px;">Important Dates 93</p> <p style="padding-left: 80px;">Loan Summary 93</p> <p style="padding-left: 80px;">Escrow Account Information 93</p> <p style="padding-left: 80px;">Summary of Settlement Charges 93</p> <p style="padding-left: 40px;">GFE Page 2 93</p>
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Table of Contents

Block 1 Origination Charges	97	Red Flags Rules	120
Block 2 Your Credit or Charge (Points) for the Specific Interest Rate Chosen	97	Red Flags	121
Line A Your Adjusted Origination Charges	98	Gramm-Leach-Bliley Act (GLB Act)	121
Block 3 Required Services that We Select	98	Financial Privacy Rule	121
Block 4 Title Services and Lender's Title Insurance	98	Safeguards Rule	122
Block 5 Owner's Title Insurance	98	The National Do Not Call Registry	124
Block 6 Required Services that You Can Shop For	98	Established Business Relationship	124
Block 7 Government Recording Charges	99	Civil Rights Act of 1866	125
Block 8 Transfer Taxes	99	Enforcement	125
Block 9 Initial Deposit for Your Escrow Account	99	Fair Housing Act	125
Block 10 Daily Interest Charges	99	Fair Housing Act Exemptions	126
Block 11 Homeowner's Insurance	99	Fair Housing Violations	126
Line B Your Charges for All Other Settlement Services	99	Discrimination in Mortgage Lending	127
Line A+B Total Estimated Settlement Charges	100	Discriminatory Practices	127
GFE Page 3	100	Enforcement	127
Tradeoff Table	100	Equal Credit Opportunity Act of 1974 (ECOA)	128
Shopping Cart	101	Loan Application	131
Provisions Related to the GFE	101	Considering Income	131
Availability of Terms	101	Age of Applicant	132
Tolerances of Amounts in the GFE	101	Required Disclosures	132
Binding GFE	101	Record Retention	132
Changed Circumstances	102	Enforcement	134
Expiration of the Original GFE	102	Home Mortgage Disclosure Act of 1975 (HMDA)	134
Violations	103	Covered Properties	135
HUD-1 Settlement Statement	103	Data Reporting	135
Compatibility with the GFE	103	Role of the FFIEC	135
Charges Paid Outside of Closing (P.O.C.)	104	Home Ownership and Equity Protection Act (HOEPA)	137
HUD-1 Page 1	104	High Cost Loan Triggers	137
HUD-1 Page 2	109	APR Trigger	137
HUD-1 Page 3	111	Total Finance Charge Trigger	137
Homeowners Protection Act (HPA)	112	Prohibited Loan Terms	138
Disclosure Provisions of the HPA	112	Prohibited Acts and Practices	138
Fair Credit Reporting Act (FCRA)	114	Verifying Repayment Ability	139
Consumer Rights	114	Required Disclosures	139
Adverse Action	114	Higher-Priced Mortgage Loans	140
Copy of Consumer Credit File	114	Defining Higher-Priced Loans	141
Request a Credit Score	116	Restrictions	141
Dispute Incomplete or Inaccurate Information	116	The SAFE Mortgage Licensing Act	142
Limit Prescreened Offers	116	Objectives of the SAFE Act	142
Consumer Reporting Agency Obligations	116	SAFE Act Licensing Requirements	143
Fair and Accurate Credit Transaction Act (FACT Act)	116	Prelicensing Education Requirements	143
Provisions of the FACT Act	116	Mortgage Loan Originator Exam	143
Access to Credit Reports	116	Renewal Requirements	143
Fraud Alerts and Freezes	120	Summary	144
Truncation of Credit and Debit Card Numbers	120	Quiz	148
Security and Disposal	120		

Table of Contents

CHAPTER 5: Real Estate Finance Instruments . . . 151

Finance Instruments	152
Promissory Notes	152
Negotiable Instruments	152
Types of Notes	152
Security Instruments	156
Trust Deeds	156
Mortgages	157
Advantages and Disadvantages of Mortgages	157
Judicial Foreclosure Procedure	157
Redemption	169
Typical Clauses in Finance Instruments	169
Acceleration Clause	169
Alienation Clause	170
Defeasance Clause	170
Partial Release, Satisfaction, or Conveyance Clause	171
Prepayment Clause	171
Subordination Clause	171
Other Mortgage Clauses and Covenants	172
Types and Features of Mortgages	173
Purchase Money Mortgage	173
Refinance Mortgage	174
Home Equity Loan, Home Equity Line of Credit	174
Blanket Mortgage	174
Bridge Mortgage	174
Open-End Mortgage	174
Package Mortgage	175
Reverse Mortgage	175
Equity Participation Mortgage	175
Wraparound Mortgage	175
Construction Mortgage	175
Disbursement	176
Permanent Construction Loan	176
Land Contracts	177
Buyer Default	177
Advantages and Disadvantages of Land Contracts	178
Summary	179
Quiz	180

CHAPTER 6: Conventional Financing 181

Conventional Loans	182
Traditional Conventional Loans	182
Long-Term	182
Fully Amortized	182
Fixed Rate	183
15-Year Mortgage Loans	183
Conforming versus Nonconforming Loans	184

A-Minus Conventional Loans	185
Conventional Loan Programs	185
80% LTV Conventional Loan	185
Higher LTV Loans	186
90% Conventional Loan	186
95% Conventional Loan	186
Private Mortgage Insurance (PMI)	187
How Mortgage Insurance Works	187
PMI Premiums	188
Fee at Closing and Renewal Premium	188
One-Time PMI Premium	189
Lender Paid Mortgage Insurance (LPMI)	189
PMI Cancellation	190
Secondary Financing	191
Combined Loan-to-Value (CLTV)	191
Conditions	192
Lender First and Lender Second	192
Repayment Methods on Second Mortgages	193
Fully Amortized Second Mortgage	193
Partially Amortized Second Mortgage	193
Interest Only Second Mortgage	194
Assumption of Conventional Loans	195
Mortgage Exercise	196
Exercise 6-1	196
Exercise 6-2	196
Summary	197
Quiz	198

CHAPTER 7: Government-Sponsored Loan

Programs 199

Federal Housing Administration (FHA) Insured Loans	200
Mutual Mortgage Insurance Fund	200
FHA Underwriting Standards	201
Housing Expense Ratio	201
Total Debt Service Ratio	202
Property Guidelines for FHA Loans	202
Condition of the Property	202
Maximum Mortgage Amount	203
FHA Loan Regulations	203
Down Payment	203
Secondary Financing	203
Closing Costs	204
Mortgage Insurance Premium	204
Financing MIP	205
Cancellation	205
Seller Contribution Limits	205
Assumability of Loans	205

Table of Contents

Items Paid by the Seller	206
Prepayment Penalties	206
FHA Loan Programs	207
Section 203(b)—Standard FHA Program	207
Section 203(i)—Rural Properties	207
Section 203(k)—Rehabilitation Loans	207
Section 234(c)—Condominiums	207
Section 251—FHA ARM Loans	207
FHA Energy Efficient Mortgage Loans	208
VA-Guaranteed Loans	211
Loan Limits for VA Loans	211
Borrower Guidelines for VA Loans	212
Required Documentation	212
Military Eligibility	212
Other Regulations Concerning Borrowers	216
Qualifying Standards	216
Total Debt Service Ratio	216
Residual Income	217
Other Factors Considered	218
Property Guidelines for VA Loans	218
Certificate of Reasonable Value (CRV)	218
Entitlement	218
Restoring Eligibility	219
VA Loan Regulations	220
Down Payment	220
Secondary Financing	220
Closing Costs	221
Seller Contributions	221
Variable Funding Fee	221
Assumability of VA Loans	222
Prepayment Penalties	223
LTV Calculations on Refinancing	223
VA Loan Programs	223
Interest Rate Reduction Refinance Loan	223
Cash-Out Refinancing Loans	224
Comparison of FHA and VA Qualifying Standards	226
USDA Rural Development Programs	227
Section 502 Loans	227
Guaranteed Rural Housing (GRH) Loans	227
Homeownership Direct Loans	228
Mortgage Exercises	229
Exercise 7-1	229
Exercise 7-2	229
Exercise 7-3	230
Summary	231
Quiz	232
CHAPTER 8: Nontraditional Mortgage	
Products	
235	
The Use of Nontraditional Mortgage Products	236
Lender's Return	236
Discount Points	236
Loan Origination Fees	237
Yield Spread Premium	237
Buydown Plans	238
Seller Paid Buydowns	239
Permanent Buydown	239
Temporary Buydown	239
Level Payment	240
Graduated Payment	240
Limits on Seller-Paid Points and Other Considerations	241
Fannie Mae/Freddie Mac	241
FHA and VA	242
Adjustable Rate Mortgages (ARMs)	242
How ARMs Work	243
Index	243
Margin	244
Rate Adjustment Period	245
Mortgage Payment Adjustment Period	245
Interest Rate Cap	246
Mortgage Payment Cap	247
Negative Amortization Cap	247
Periodic Payment Readjustments	248
Conversion Option	248
ARM Standardization	248
Loan-to-Value Ratios	248
Appraisals on ARM Properties	249
ARM Qualifying	249
ARM Discounts and Buydowns	250
ARM Disclosures	250
Annual Percentage Rate (APR)	251
ARM Programs	251
Payment Option ARM	251
Hybrid ARMs	252
Subprime Loans	253
Assessing Risk	254
Interagency Guidelines	254
Guidance on Nontraditional Mortgage Products	255
Qualification Standards	255
Underwriting Standards	255
Statement on Subprime Mortgage Lending	256
Consumer Protection	256
Predatory Lending	256
Structured Mortgages	257

Table of Contents

Variable Balance Mortgage (VBM)	257
Bi-Weekly Mortgage	257
Growth Equity Mortgage (GEM)	258
Reduction Option Mortgage	258
Reverse Mortgage	258
Shared Appreciation Mortgage (SAM)	258
Seller Financing	259
Purchase Money Mortgage	259
Unencumbered Property	259
Encumbered Property	260
Assumption	260
Assumption and Release	260
Alienation Clause	260
Seller-Sponsored Wraparound Financing	261
Purchase Money Second Mortgage	261
Land Contracts	261
Land Contract Subject to an Existing Mortgage	262
Contract Escrow	262
Estoppel Letter	262
Land Contract with Assumption of an Existing Mortgage	263
Other Forms of Creative Financing	263
Lease/Options	263
Consideration for an Option	264
How Does a Lease/Option Work?	264
Lease Contract Separate from Option Contract	265
Lease/Purchases	265
How Does a Lease/Purchase Work?	266
Equity Exchanges	266
Participation Plans	267
Application of the Loan	267
Calculation of Equity	268
Investor's Percentage of Equity	268
Repayment of Investor	268
Handling Improvements	268
Responsibility for Taxes and Insurance	268
Homebuyer Assistance Programs	269
Mortgage Exercises	270
Exercise 8-1	270
Exercise 8-2	270
Summary	271
Quiz	273

CHAPTER 9: Legal Concepts in Real Estate 275

Basic Civil Law Concepts	276
Contracts	276
Property	276
Legal Concepts Affecting Property Value	277

Real Property or Personal Property	277
Attachments	278
Fixtures	278
Annexation	278
Legal Considerations	279
Trade Fixtures	279
The Uniform Commercial Code	279
Real Property Rights	280
Appurtenances	281
Public and Private Restrictions	282
Public Restrictions	282
Police Power	282
Eminent Domain	283
Taxation	283
Escheat	283
Private Restrictions	284
Deed Restrictions	284
CC&Rs	284
Easements	284
Interference with Property Rights	285
Trespass	285
Encroachment	285
Nuisance	285
Waste	286
Summary	287
Quiz	288

CHAPTER 10: Interests in Real Property 289

Deeds	290
Requirements of a Valid Deed	290
Warranty Deeds	290
General Warranty Deeds	291
Limited Warranty Deeds	291
Deeds without Warranties	291
Quitclaim Deeds	291
Bargain and Sale Deeds	294
Fiduciary Deeds	294
Evidence of Marketable Title	294
Public Records	294
Notice	294
Chain of Title	295
Marketable Title Act	296
Title Insurance	297
Types of Title Insurance Policies	297
Mortgagee's Policies	297
Owner's Policies	297
Other Policy Types	298

Table of Contents

American Land Title Association (ALTA)	298
MERS	298
Abstract of Title	298
Forms of Ownership	299
Ownership in Severalty	299
Co-Ownership	299
Tenancy in Common	300
Joint Tenancy	300
Tenancy by the Entirety	300
Possessory Interests in Property	301
Freehold Estates	301
Fee Simple Estate	301
Qualified Fee Estate	301
Fee on Condition	302
Life Estates	302
Leasehold Estates	303
Estate for Years	303
Periodic Estate	304
Estate at Will	304
Tenancy at Sufferance	304
Eviction	304
Ownership by Organizations	305
Sole Proprietorship	305
Partnerships	305
General Partnership	305
Limited Partnership	305
Corporations	305
Condominiums, Cooperatives, and Townhomes	306
Condominiums	306
Cooperatives	306
Planned Unit Developments (PUDs)	307
Townhomes	307
Non-Possessory Interests: Easements	307
Types of Easements	307
Easements Appurtenant	307
Easements in Gross	308
Creation of Easements	308
Terminating Easements	309
Financial Encumbrances: Liens	310
Voluntary Liens: Mortgages	310
Requirements for a Valid Mortgage	311
Transfers	311
Involuntary Liens	311
Mechanic's and Materialman's Liens	311
Tax Liens	311
Judgment Liens	312
Attachment Liens	312
Lien Priority	312
Summary	313
Quiz	315
CHAPTER 11: The Value of Real Estate	317
Characteristics of Real Estate	318
Value Characteristics	318
Demand	318
Utility	318
Scarcity	319
Transferability	319
Physical Characteristics	319
Uniqueness	319
Immobility	320
Indestructibility	320
Property-Specific Factors Affecting Real Estate Value	320
Highest and Best Use	320
Location	320
Substitution	321
Conformity	321
Contribution	321
Laws of Decreasing and Increasing Returns	322
Depreciation	322
Economic Factors Affecting Real Estate Value	322
Buyer's Markets	323
Seller's Markets	323
Defining Market Value	324
Arm's Length Transaction	324
Making Land More Valuable	325
Assemblage and Plottage	325
Subdividing	326
Value of Frontage	326
Summary	328
Quiz	329
CHAPTER 12: Understanding Appraisals	331
Real Estate Appraisal	332
Appraisal Approaches	332
Uniform Standards of Professional Appraisal Practice (USPAP)	333
The Uniform Residential Appraisal Report (URAR)	333
The Sales Comparison Approach	334
Substitution and the Typical Buyer	334
Same Market Area	335
Same Transfer of Rights	335
Part of an Arm's Length Transaction	335
Adjusting Comparable Sales	335
Adjustments as of Sale Date	336

Table of Contents

Significant Features	336
Limits on Adjustments	337
Total Net Not to Exceed 15%	337
Total Gross Not to Exceed 25%	337
Sequence of Adjustments	338
Property Rights Conveyed	339
Financing Terms	339
Market Conditions (Date of Sale)	340
Location	341
Physical Characteristics	342
Researching the Sale and Transfer of Properties	343
Transfer History of the Subject	343
Fannie Mae Guidelines	344
Transfer History of the Comparables	344
Fannie Mae Guidelines	345
Reconciliation and Indicated Value	345
Sales Comparison Opinion of Value	345
Determining a Value Range	346
Final Reconciliation on the URAR Form	346
Market Value	347
Indicated Value Range	347
"As Is"	348
Automated Valuation Models (AVM)	348
Form 2075	349
Home Valuation Code of Conduct (HVCC)	349
Appraisal Reports	350
Enforcement	350
Criticism of HVCC	351
Appraisals on FHA Loans	351
Summary	352
Quiz	357
CHAPTER 13: Ethics in the Mortgage Lending	
Profession	
359	
Ethical and Legal Considerations	360
National Association of Mortgage Brokers Code of Ethics ..	360
Honesty and Integrity	360
Professional Conduct	360
Honesty in Advertising	361
Confidentiality	361
Compliance with the Law	361
Disclosure of Financial Interests	362
Ethics in Advertising	362
Discrimination	363
Protected Classes	363
Prohibited Practices	363
The Equal Credit Opportunity Act	364
Other Types of Discrimination	365
Discrimination in Municipal Actions	365
Discrimination in Advertising	365
Disclosure and Privacy	365
Truth in Lending Act (Regulation Z)	366
Real Estate Settlement Procedures Act (RESPA)	366
Gramm-Leach-Bliley Act	367
Fair Credit Reporting Act and the FACT Act	367
Mortgage Fraud	368
Red Flags of Mortgage Fraud	369
Fraud Participants	370
Buyers	370
Lenders and Brokers	371
Appraisers	372
Other Industry Insiders	372
Flipping	372
Attributes of Flipping Schemes	373
FHA Response to Flipping Schemes	373
Other Types of Mortgage Fraud	373
Air Loan	373
Deed Scam	374
Double Sold Loans	374
Unrecorded or Silent Second	374
Disappearing Second	374
Predatory Lending	375
Excessive Fees	376
Common Predatory Lending Ploys	376
Indicators of Predatory Lending	377
Anti-Predatory Lending Laws	377
Class Case Study and Discussion	379
Exercise 13-1	379
Summary	381
Quiz	382
Appendix A	386
Answers to Chapter Quizzes	386
Answers to Mortgage Exercises	387
Appendix B	393
Worksheets and Other Resources	393
Online Resources	409
Glossary	411
Index	435

Glossary

2-1 Buydown A graduated payment buydown where the payments are subsidized for only two years, usually 2% the first year and 1% the second year.

3-2-1 Buydown A graduated payment buydown where the payments are subsidized for three years, usually 3% the first year, 2% the second year, and 1% the third year.

3/7/3 Rule A provision of the Truth in Lending Act related to required disclosures and waiting periods. Initial disclosure to be delivered within three business days of applying; earliest to close a loan is the seventh business day after disclosures are provided; a three business-day waiting period imposed after borrower receives redisclosures before a loan can close.

Abstractor A person who prepares a summary (or abstract) of public records relating to title to a specific parcel of land.

Accelerate Making a loan come due faster by having all payments become due immediately.

Acceleration Clause A contract clause that gives the lender the right to declare the entire loan amount due immediately because of borrower's default, or other reasons as stated in the contract.

Acceptance 1. Agreeing to the terms of an offer to enter into a contract, thereby creating a binding contract. 2. Taking delivery of a deed.

Acknowledgment When a person who has signed a document formally declares to an authorized official (usually a notary public) that he or she signed voluntarily. The official certifies that the signature is voluntary and genuine.

Act A law enacted by a legislative body like the U.S. Congress.

Acquisition Cost The purchase price of a property, plus allowable buyer paid closing costs.

Adjustable Rate Loan A loan made by savings and loan associations similar to an adjustable rate mortgage. Also called **ALM**.

Adjustable Rate Mortgage (ARM) A mortgage that permits the lender to periodically adjust the interest rate to reflect fluctuations in the cost of money.

Adjustment Period, Mortgage Payment The interval at which a borrower's actual mortgage payments change with an ARM.

Adjustment Period, Rate The interval at which a borrower's actual interest rate changes with an ARM.

Advancement (job) An improvement in one's employment position, given as a reason for changing employers (as opposed to job hopping for no reason).

Advertisements Any public notification of property being offered for sale, which must follow guidelines of **Regulation Z** of the **Truth In Lending Act**.

Advertising (foreclosure) Required notification of foreclosure sale, notifying the public of the date and time of the sale, for three consecutive weeks in a general circulation newspaper in the county.

Affiliated Business Arrangement A situation where a person in a position to refer settlement services—or an associate of that person—has either an affiliate relationship with or a direct or beneficial ownership interest of more than 1% in a provider of settlement services and who then refers business to that provider or in some way influences the selection of that provider.

Agreement See **Contract**.

Alienation The transfer of ownership or an interest in property from one person to another, by any means.

Alienation, Involuntary The transfer of an interest in property against the will of the owner, or without action by the owner, occurring through operation of law, natural processes, or adverse possession.

Alienation, Voluntary When an owner voluntarily transfers an interest to someone else.

Alienation Clause A contract clause that gives the lender certain stated rights when there's a transfer of ownership in property. (Often called a **due-on-sale clause**.)

Alimony Money paid to an ex-spouse as part of a divorce settlement. Alimony does not have to be revealed as a source of income if it's not counted to help repay the loan, but must be revealed as a debt obligation.

Alternative Financing When real estate is financed with terms or financing concessions, other than those typical for conventional loans.

Alternative Financing Tools Specific financing programs or methods, not typically used in conventional financing, to help get a loan approved.

Amortization When a loan balance decreases because of periodic installments paid on the principal and interest. Compare to **Negative Amortization**. See **Re-amortization**.