Abbreviations Glossary

ARM - Adjustable Rate Mortgage

BAPCPA - Bankruptcy Abuse Prevention and Consumer Protection Act of 2005

BPO - (Broker Price Opinion)—is an evaluation of a property's value which a servicer uses as an alternative to getting a full appraisal after a loan has gone into default. The BPO is usually performed by a licensed REALTOR familiar with sales in that geographical location who typically will complete the BPO based on a drive-by exterior examination, data from public records (including recent sales and number of existing properties available for repurchase. As more consumers slide into default, more lenders are using the BPO to help determine what is the most likely re-sale of the subject house is valuable information in determining what workout or loss mitigation options they are likely to offer to the consumer. The BPO is especially important tool when short sale is being considered.

CMA - refers to a comparative market analysis that is prepared by a licensed real estate professional to help a consumer in determining what a likely resale price might be. The CMA is a good tool when prepared by an agent who is experienced in real estate sales in the area. Recent sales history on at least 3 comparables as well as checking prices on active comps will help to establish a range of value for the subject house.

ECOA - Equal Credit Opportunity Act—is a Federal law, which prohibits lenders from denying mortgages to individuals on the basis of race, color, religion, national origin, age, sex or marital status.

FDC - Fair Debt Collection law

FHA - Federal Housing Administration—was established in 1934 to advance homeownership opportunities to all Americans. Lenders who make FHA loans are covered by mortgage insurance, which protects them from most losses when a borrower defaults. Lenders are more likely to make FHA loans to borrowers who might not qualify for conventional mortgages since the liability for default has been dramatically reduced. Became a part of HUD when HUD was created in 1965.

FHLMC - Freddie Mac

FICO - Is a 3-digit number usually between 400 and 800 which represents the possibility a borrower may default. It is based upon your credit history and is used to determine your ability to qualify for a mortgage loan. FICO (Fair Issacs Corporation) is used like the word Kleenex - technically it is a brand name, but it is used generically.

F*I*S - Foreclosure Intervention Specialist-refers to an individual who has received specific training/certification to be qualified to help consumers with issues related to the default on their mortgage. For a specialist in your area, check: http://www.homeownershipmatters.com/home.shtml for a list.

FTC — Federal Trade Commission

GFE — Good Faith Estimate

HOEPA - Home Owner Equity Protection Act

HUD - Housing and Urban Development-the Federal Department that has responsibility for all the major housing programs in the United States. Visit http://www.hudclips.org.

MERS — Mortgage Electronic Registration System - Does not typically qualify as the “real party in interest”. MERS is NOT an assignee. If MERS is not named in your note and the loan has not been PROPERLY ASSIGNED to them, they are not legally able to bring foreclosure action. MERS operates as a nominal party; a lender may register (transfer) a defaulted loan to this entity. Currently many consumers who are in default may find MERS shown as the party bringing foreclosure action.

MIC - Mortgage Insurance Case Number

NAR - National Association of REALTORS - Is America’s largest trade association, representing more than 1 million members involved in all aspects of the residential and commercial real estate industries. For more information, visit their website at http://www.REALTORS.org.

PITIA- Stands for the 5 components of your mortgage payment: principal, interest, taxes, insurance and association fees. Payments of principal and interest go directly toward repaying the loan while the portion that covers taxes and insurance (homeowner’s and mortgage, if applicable) goes into an escrow account to cover fees when they are due.

PMI - Private Mortgage Insurance - Companies are a standard part of the real estate business. They exist to provide insurance coverage to lenders so that their risk is reduced when consumers pay less than 20% down on their home purchase. The lender selects the particular PMI company they wish to use and the fee is passed on to the buyer as a part of their regularly scheduled monthly payment.

P.O.C. - Paid outside of closing - Means expenses related to the closing on your home, which will be paid BEFORE you go to the actual closing. These expenses typically include: your credit report, the appraisal, the inspection and a 1-year homeowners’ insurance policy.

RESPA - Real Estate Settlement Procedures Act - Is a federal Statute, which became effective on June 20, 1975. The Act requires lenders to disclose borrowers' costs, which are being financed when they take out a mortgage on a 1-4 unit building. RESPA requires that consumers receive disclosures at various times during the transaction and RESPA prohibits kickbacks, which can increase the costs to the consumer. RESPA is enforced by the Department of Housing and Urban Development.

REO - Stands for "real estate owned" by a lending institution. An institution becomes the owner by foreclosure or by accepting a deed-in-lieu. A lender may also receive property through an insurance settlement. The disposition of the property will be handled by their REO Disposition Department.

TILA - Truth-in-Lending Act

QWR - Qualified Written Request- Under Federal regulations a lender must respond to a request from the borrower to give specific details about how mortgage payments have been applied. It is not necessary that the request is in a specific format or that it contain specific language. It must however: 1) be written, 2) include the correct name for borrower(s) and 3) include account number. It must be sent by certified mail to any assignee and/or attorney who has been affiliated with the account. It may simply ask for an accounting of all payments/disbursements, which have ever been made, or you may choose to use the detailed request provided. Or anywhere in between.

VA loan - Is a loan guaranteed by the U. S. Department of Veterans Affairs. There are significant benefits for active or honorably is charged and retired veterans. A VA loan does not require a down payment or the flexibility of negotiating a rate. The note is assumable, subject to VA approving the new buyer application.

Courtesy of Mildred Wilkins, Home Ownership Matters
http://www.homeownershipmatters.com/home.shtml