

Glossary

TERM - #	DEFINITION
401K Plan	A flexible retirement plan for businesses with employees. Investors in the plan don't have to pay taxes on the income they invest until they withdraw the funds at retirement age.
529 Plan	A program set up to allow an adult to either prepay, or contribute to an account established for paying a student's qualified education expenses at an eligible educational institution.

TERM - A	DEFINITION
Account	A banking service allowing a customer's money to be handled and tracked. Common bank accounts are savings and checking accounts.
Adjustable-rate Mortgage (ARM)	A loan that allows the lender to make changes in the interest rate, and the resulting principal and interest payments charged to the borrower. These rate changes are usually tied to the rise and fall of a financial statistic (called an index), such as the prime rate or Treasury Bill rate. The initial interest rates on ARMs are lower than rates on fixed-rate mortgages, as the borrower is taking the risk of the interest rate rising over time. The borrower is protected by a maximum interest rate, which the lender may reset annually. There may be a limit on the number and amount of increases or decreases to the interest rate at each change date or over the life of the loan.
Annual Fee	The fee a credit card company charges a credit card holder to use the card for a year. Or, the fee a lender charges a borrower for the use of a line of credit for a year.
Annual Percentage Rate (APR)	A measurement used to compare different loans, the APR takes into account a loan's interest rate, term, and fees to illustrate the total cost of credit expressed as a yearly rate. The lower the APR, the lower the total cost of the loan.
Annual Percentage Yield (APY)	The rate of return on an investment, such as a deposit in an interest-bearing savings account, for a one year period.
Appraisal	A professional estimate of a property's market value.
Appreciation	The amount of value an item such as a car, home or stock, gains over time from the original purchase price.
Asset	Anything of value owned by a person or company. For example, a person's assets might include cash, a house, a car, and stocks. A business's assets might include cash, equipment, and inventory.
Asset Allocation	The division of an investment portfolio across various types of securities, such as mutual funds, stocks and bonds, in an effort to help reduce risks.
Assets	Anything of value owned by a person or company. For example, a person's assets might include cash, a house, a car, and stocks. A business's assets might include cash, equipment, and inventory.
Automated Teller Machine (ATM)	A specialized computer used by bank customers to manage their money, for example, to get cash, make deposits, or transfer money between accounts.
Available Balance	The amount of money in your account that you can use or withdraw. Your available balance may not reflect all transactions that you have made; for example, checks you have written that have not yet been paid from your account.

TERM – B	DEFINITION
Bad Credit	A situation in which lenders believe that, due to a borrower's poor history of repaying his or her debts, further loans to this person would be especially risky.
Bad or Bounced Check	See Non-sufficient funds (NSF).
Balloon Payment	A final lump sum payment that is due, often at the maturity date of a balloon mortgage.
Bank	A financial institution that handles money, including keeping it for saving or commercial purposes, and exchanging, investing, and supplying it for loans.
Bankruptcy	To legally declare yourself unable to repay your debts. A bankruptcy remains on a person's credit history for up to seven years. Depending on the type of bankruptcy, it could stay on a person's credit history for up to ten years.
Bond	An investment offered to the public by a corporation, the U.S. Government, or a city. A bond pays interest annually and is payable in full at a specified date. Bonds are rated, and the rating indicates their probability of default.

TERM – C	DEFINITION
Capacity	A borrower's ability to make monthly loan payments. When reviewing loan applications, lenders look at a borrower's income and debts to determine his or her capacity to repay.
Capital	The assets a borrower owns, for example a car, or cash in a savings account minus your liabilities. If a borrower is unable to make his or her loan payments, a lender might use these assets to pay the debt. Capital is also known as collateral or assets.
Capital Gain	The dollar amount by which an asset's selling price exceeds its initial purchase price. For example, if you buy a stock for \$4 per share and sell it for \$7 per share, your capital gain is \$3 per share.
Capital Loss	The decrease in value of an investment or asset. The opposite of capital gain.
Cardmember (Cardholder) Agreement	The Terms and Conditions of your credit card account. It includes information such as the rate, fees, and other cost information associated with the account.
Certificates of Deposit (CDs)	A bank account in which you agree to keep the money for a specified period of time, usually anywhere from three months to several years. As a result, this account usually offers higher rates of return than a savings account. Money removed before the agreed upon date is subject to an early withdrawal penalty. The account pays interest on the deposit and is FDIC-insured. Banks issue an actual certificate for a CD account. If no certificate is issued, the account is known instead as a "time deposit."
Character	The financial steadiness and stability of a borrower. For example, when reviewing your loan application, a lender may look at how long you've lived at your current address or worked at your current job.
Check	A written order instructing the bank to pay a specific amount of money to a specific person or entity. The check must contain a date, payee (person, company, or organization to be paid), amount, and an authorized signature.
Checking Account	A bank account that allows a customer to deposit and withdraw money and write checks. Using a checking account can be safer and more convenient than handling cash.
Clear	When the banks pays a check you have written and then subtracts the amount from your account, your check has "cleared" the bank.
Closing	The day and time when all final mortgage documents are signed and all necessary payments are transferred to complete the purchase of a house. Also known as the settlement date.
Closing Agent	Usually an attorney or title agency representative who oversees a closing and witnesses the signing of the closing documents.

Closing Costs	Expenses or settlement costs, above the home sales price, charged to both the buyer and seller to complete the transfer of the property and in connection with obtaining a mortgage loan. There are also closing costs on a refinance loan.
Co-Sign	A second person who signs your credit or loan application. Just like the borrower, the co-signer on a loan is equally responsible for repaying the debt. Also called a co-borrower.
Collateral	Any assets of a borrower (for example, a home) that a lender has a right to take ownership of if the borrower doesn't repay the loan as agreed.
Collection Agency	A business that specializes in collecting past due debts.
Compound Interest	When a financial institution pays you interest not only on your initial principal (the amount you originally deposited) but also on the interest your deposit has earned over time.
Conditions	Eligibility requirements that may be required by a lender to secure a loan or product.
Credit	When a bank or business allows its customers to purchase goods or services on the promise of future payment. Also used to describe any item that increases the balance in a bank account. Deposits and interest payments are both examples of credits.
Credit Bureau	A company that gathers information on consumers who use credit. These companies send this information to lenders and other businesses in the form of a credit report. The three largest bureaus are Equifax, Experian, and TransUnion.
Credit Check	A lender, landlord, employer, or insurer's inquiry at a credit bureau for the purpose of evaluating the credit history of an applicant.
Credit Counselor	A professional advisor who specializes in helping people with debt and credit problems.
Credit History	A written record of a person's use of credit, including applying for credit, and using credit or loans to make purchases. Also called a credit record.
Credit Insurance	When you apply for a mortgage or personal loan you may be asked if you want to purchase credit insurance. This credit policy protects the loan on the chance that you can't make your payments. Credit insurance usually is optional, which means you don't have to purchase it from the lender.
Credit Limit	The maximum dollar amount the lender is willing to make available to the borrower according to the agreement between them. For example, if you have a credit card, the credit agreement will usually specify the maximum amount of money you're allowed to charge.
Credit Rating	An evaluation of an individual's or business's financial history and the ability to pay debts. Lenders use this information to decide whether to approve a loan. The credit rating is usually in the form of a number or letter.
Credit Record	Also known as your credit history when provided by a credit bureau to a lender or other business.
Credit Report	A report issued by an independent credit agency that contains information concerning a loan applicant's credit history and current credit standing.
Credit Score (FICO)	A numerical rating that indicates an individual's creditworthiness based on a number of criteria. Credit scores are used by lenders in the loan approval decision process. (FICO).
Credit Union	A non-profit financial institution that is owned and operated entirely by its members. Credit unions provide financial services for their members, including savings and lending. Large organizations may organize credit unions for their members, and some companies establish credit unions for their employees. To join a credit union, a person must ordinarily belong to a participating organization, such as a college alumni association or labor union. When a person deposits money in a credit union, he or she becomes a member of the union because the deposit is considered partial ownership in the credit union.
Creditworthiness	A lender's measure of an individual or company's ability to pay debt.

TERM – D	DEFINITION
Debit Card	A card linked to a checking account that can be used to withdraw money and make deposits at an ATM and to make purchases at merchants. When you use a debit card, the money will be deducted from the linked checking account.
Debt	Money, goods, or services you owe to others.
Debt-to-Income Ratio	A percentage that is calculated by dividing a loan applicant's total debt payments by his or her gross income.
Deed in-lieu of Foreclosure	The transfer of title from a borrower to the lender to satisfy the mortgage debt and avoid foreclosure. Also called a "voluntary conveyance"
Default	Failure to repay a credit agreement according to its terms.
Defined Benefit Plan	A corporate retirement plan that pays employees a fixed retirement benefit either as a lump sum or as a pension (a lifetime payment). Payments are determined by salary earned and length of employment.
Defined Contribution Plan	A corporate retirement plan, such as a 401 (k) or 403 (b), where employees defer a percentage of their salaries and invest for retirement.
Deposit	To put money into your account.
Depreciation	A loss of value in real property brought about by age, physical deterioration, functional or economic obsolescence.
Direct Deposit	A deposit made directly into your account by the payer without the use of a check or deposit slip. Typical direct deposits include Social Security payments and automatic payroll deposits.
Discount Points	Points are used as both loan origination fees and a way to discount, or buy down, the interest rate you're charged on the loan. In other words, there's a tradeoff between your interest rate and the points you pay. For any given loan, you can usually lower the interest rate by agreeing to pay more points, or you can lower your points by accepting a higher interest rate.
Discretionary Expenses	The purchase of goods or services which are not essential to the buyer, or are more expensive than necessary. Examples include entertainment and restaurant meals.
Diversification	An investing strategy designed to reduce risk by combining a variety of investments (such as stocks, bonds, and real estate). Having a variety of investments makes it less likely that all of them will move up and down at the same time or at the same rate.
Dividend	If a company does well financially, its board of directors may decide to pay a small amount of its profits, called a dividend, directly back to its shareholders. Dividends are usually cash, but may also take the form of stock or other property.
Dollar Cost Averaging	A method of accumulating assets by purchasing securities at regular intervals with a fixed dollar amount.
Down Payment	A portion of the sales price paid to the seller by the homebuyer to close the sales transaction. Down payments usually range from 3% to 20% of the property value.

TERM – E	DEFINITION
Earnest Money	A portion of the down payment delivered with a purchase offer by the purchaser of real estate. Delivered to the seller, or an escrow agency, by the purchaser with the purchase offer as evidence of good faith. Also known as a deposit.
Earning Power	The amount of money a person is able to make from his or her work.
Education Savings Account	An investment account designed to assist with paying for education-related expenses. Contributions grow tax-deferred and distributions are not taxed if used for qualified expenses. Withdrawals for non-qualified educational expenses are subject to income tax and a 10% IRS penalty. Distributions may be taxable.

Elder Financial Abuse	The perpetration of a financial crime against elder citizens and dependent adults, who may be especially vulnerable due to physical or mental incapacity such as improper use of power of attorney, accounts or wills.
Electronic Funds Transfer (EFT)	Allows you to have funds electronically transferred into your account(s) such as deposit of your payroll check, tax refund or social security check.
Email Alerts	An online message service you can sign-up for with your financial institution to receive timely account alerts.
Endorse	To sign the back of a check, authorizing the check to be exchanged for cash or credit.
Equal Credit Opportunity Act (ECOA)	A federal law to ensure that all consumers are given an equal chance to obtain credit. This doesn't mean all consumers who apply for credit get it; factors such as income, expenses, debt, and credit history are considerations for creditworthiness.
Equity	The value of your investment above the total of your lien (debt).
Equity Stripping, Equity Skimming	Also known as foreclosure rescue. Predatory investors or small companies target low-income, homeowners facing foreclosure and trick them into signing away their equity and property.
Escrow	A term of value, money or documents, deposited with a third party, to be delivered upon the fulfillment of a condition. For example, the deposit by a borrower with the lender of funds to pay taxes and insurance premiums when they become due, or the deposit of funds or documents with an attorney or escrow agent to be disbursed upon the closing of a sale of real estate. In some parts of the country, escrows of taxes and insurance premiums are called impounds or reserves.
Establishing Credit	Giving lenders the trust and confidence to make loans to you based on a good history of paying your debts.
Estate	The net worth of an individual including all of their assets.

TERM – F	DEFINITION
FAFSA (Free Application for Federal Student Aid)	The application a student and his or her family completes in order to apply for federal student loans.
Federal Deposit Insurance Corporation (FDIC)	An independent agency of the United States government that protects customers from the loss of their deposits if an FDIC insured financial institution fails. The basic insurance amount is specified per depositor per insured financial institution. Certain retirement accounts, such as Individual Retirement Accounts, are insured up to specified amount per depositor per insured financial institution. Customers can increase the amount of money insured at any one financial institution by owning deposit accounts in different ownership categories (e.g., Individual Accounts, Retirement Accounts, Joint Accounts, Revocable Trust Accounts). Please visit www.fdic.gov for the most current deposit insurance amounts.
Fees	Charges for services by a financial institution or lender.
Finance Charge	The amount of money a borrower pays to a lender for the privilege of borrowing money, including interest and other service charges.
Financial Aid	Financial assistance, such as a loan, grant or works study program, a student receives to enroll in an accredited educational institution.
Financial Institution	Companies such as banks, credit unions, and savings institutions that provide a wide range of money management products and services to consumers. Financial institutions collect funds from the public and place them in financial assets, such as deposits, loans, and bonds.
Fixed Expenses	For an individual, a fixed cost is an expense that stays the same each month, such as rent or a car payment. For a business, a fixed cost is an expense that does not vary depending on production or sales levels, such as an equipment lease or property tax.

Fixed Rate	An interest rate that remains the same during the entire term of the loan.
Fixed-Rate Mortgage	A loan with an interest rate that remains the same over the life of the loan.
Flexible Expenses	An expense that you can control or adjust, for example, how much you spend on groceries, clothes, or long distance phone calls.
Foreclose, Repossess	The legal process by which an owner's right to a property is terminated, usually because of failure to make loan payments as agreed. Foreclosure typically involves a forced sale of the property at public auction, with the money applied to the remaining debt.
Foreclosure	See Foreclose, repossess
Foreclosure Rescue	See Equity stripping, equity skimming
Fraud	Intentional use of deceit, a trick or some dishonest means to deprive another of his or her money, property or legal rights.

TERM – G	DEFINITION
Global Remittance	A form of Electronic Funds Transfer which allows you to send money to families and friends outside of the United States from your accounts.
Good Credit	A situation in which lenders are willing to make loans to an individual, due to his or her good history of repaying debts.
Good Faith Estimate	A document that tells mortgage borrowers the approximate costs they will pay at or before closing, based on common practice in the locality.
Guarantee	A lender may require an additional signature on a loan to insure that this person will pay the loan if you do not.

TERM – H	DEFINITION
Home Equity	The financial difference between what your home or other real estate is worth and the amount you still owe as debt on the home or other real estate. For example, your home is worth \$100,000 and you owe \$75,000 on your mortgage, then you have \$25,000 of equity in your home.

TERM – I	DEFINITION
Identity Theft	A criminal activity involving stealing personal information from others and forging their signatures in order to apply for credit in their names.
Income	For an individual, income means the amount of money received during a period of time, including money received in exchange for labor or services, from the sale of goods or property, or as profit from financial investments. For a business, income is revenues (all the money brought in) minus cost of sales, operating expenses, and taxes, over a given period of time.
Individual Retirement Account (IRA)	An account that holds your investments to help pay for your retirement. The major benefit is that the government doesn't tax the interest you earn until you withdraw the money. You may have to pay a penalty if you withdraw money before age 59½. You can currently contribute up to \$4,000 a year to your IRA account, up to age 70½. Beginning at age 70½ you must begin to make withdrawals. Your IRA contributions may be deductible on your tax return. Check with your tax advisor.
Installment Credit	A loan that is repaid to the lender in equal amounts, over a fixed period of time.

Installment Loan	A loan that is repaid to the lender in equal amounts, over a fixed period of time.
Installment Payment	An amount of money repaid to a lender according to the terms of an installment loan.
Interest	The amount of money paid by a borrower to a lender in exchange for the use of the lender's money for a certain period of time. For example, you earn interest from a bank if you have a savings account and you pay interest to a lender if you have a loan.
Interest Rate	The amount of interest paid per year divided by the principal amount (that is, the amount loaned, deposited, or invested). For example, if you paid \$500 in interest per year for a loan of \$10,000, the interest rate is 500 divided by 10,000, or five percent (5%).
Internal Revenue Service (IRS)	U.S. government agency responsible for tax collection and tax law enforcement.
International Remittance	See Global remittance
Investing	Purchasing something of value (for example, stocks or real estate) with the goal of earning money over time if the value increases.

TERM – L	DEFINITION
Landlord	The owner of a property that is leased or rented.
Late Fees	The charge or fee that is added to a loan or credit card payment when the payment is made after the due date.
Lease	A contract by which one party (lessor) gives to another (lessee) the use and permission of an item, such as an automobile or apartment, for a specified time and fixed payments.
Lender, Creditors	A business that makes money available for others to borrow.
Liability	The amount of money an individual or business owes to someone else: a debt.
Line of Credit	An arrangement by which a lender extends a specific amount of credit to a borrower for a certain time period. As long as the borrower repays the principal with interest, he or she can continue to borrow against the line of credit during the agreed upon time period. A line of credit can be unsecured or secured. Also called a credit line.
Liquidity	The ability of an asset to be converted into cash quickly.
Loan	An agreement between a borrower and a lender, where the borrower agrees to repay money with interest over a period of time.
Loan Modification, Restructure, Assignment	Any change to the terms of a mortgage loan, including changes to the interest rate, loan balance, or loan term.
Loan Servicing	The tasks a lender performs to protect the mortgage investment, including the collection of mortgage payments, escrow administration, and delinquency management.
Loan to Value (LTV)	The ratio of the amount borrowed to the appraised value or sales price of real property expressed as a percentage.
Log Off	To stop a computer that is connected to a computer system or program.
Long Term Care Insurance (LTC)	Some illnesses and injuries require specialized care over a period of time that may not be covered by traditional medical insurance. If you become debilitated due to such an ailment, this type of coverage generally allows you to pay for services such as in-home health care or assistance with daily activities, adult day care and assisted living.
Long-Term Loan	Long-term loan A loan that can be paid back over a period of more than one year, usually requiring interest payments.

TERM – M	DEFINITION
Market Value	The current value of your home based on what a purchaser would pay. An appraisal is sometimes used to determine market value.
Matching Contributions	When an employee invests a dollar(s), and that investment is matched by the employer as a type of reward or compensation.
Minimum Balance	A specific amount of money required by a financial institution in order to open or maintain a particular account. In some cases, a financial institution may charge the account holder fees, or even close an account, if the minimum balance is not maintained.
Mobile Banking	Allows an individual to access their financial accounts through a web browser on their mobile device such as cellular phone.
Money Market Deposit Account (MMDA)	A form of savings account that requires a larger balance than CDs or regular savings accounts, usually \$10,000 or more.
Mortgage	A document issued by a post office, bank, or convenience store ordering payment of a specific sum of money to an individual or business. There is generally a small charge for purchasing a money order.
Mutual Fund	A type of investment where an investment company sells shares to the public and then invests the money in a group of investments such as stocks and bonds.

TERM – N	DEFINITION
National Credit Union Administration (NCUA)	An independent federal agency that charters and supervises federal credit unions and insures savings in federal and most state-chartered credit unions.
Net Income (Take Home Pay)	For a business, the amount of money earned after all expenses and taxes. For an individual, total take-home pay after all deductions (taxes, social security, etc.). Also called after tax income or net salary.
Net Worth	The value of a company or individual's assets. Including cash, less total liabilities.
Non-Sufficient Funds (NSF)	The lack of enough money in an account to pay a particular check or payment. Also known as insufficient funds. A check with insufficient funds may be returned unpaid to the person cashing it. This has a negative impact on the check writer's history of handling his or her account, and may prevent opening of future accounts. See also Overdraft.

TERM – O	DEFINITION
Origination Fee	The amount collected by the lender or broker to cover the administrative costs of processing a loan application. It is generally equal to a percentage of the principal amount borrowed.
Outstanding Balance	The amount still owed on a bill, loan, or credit line.
Overdraft	When there is not enough money in an account to cover a transaction and the bank pays it on your behalf, creating a negative balance in the account that you need to repay.
Overdraft Protection	Offered by many banks, overdraft protection is a service that automatically transfers money from a linked account that you select, such as a savings or credit account, when you don't have enough money in your checking account to pay your transactions.

TERM – P	DEFINITION
Past Due	A bill that is not paid by its due date is said to be past due.
Payee	The person, company, or organization to whom a check is written: a person or company who is to receive money.
Penalty Fee	A fee charged for the violation of a rule in a financial agreement.
Pension	An annual yearly income paid to an employee usually after retirement. Payments will be based upon employee's age at retirement, final salary, and number of years on the job.
Personal Identification Number (PIN)	A secret combination of letters or numbers you use to gain access to your account through an electronic device such as an ATM.
Phishing	Is usually a two-part scam involving email and spoof websites. Fraudsters, also known as phishers, send email to a wide audience that appears to come from a reputable company requesting personal information accounts numbers. This is known as a phish email.
Point-of-Sale	When you use a debit card to make a purchase from a merchant at a store, by telephone, or through the internet.
Portfolio	A collection of investments all owned by the same person or organization. For example, a portfolio might include a variety of stocks, bonds, and mutual funds.
Pre-Closing: Loan Settlement	Your mortgage consultant will work with you to secure any required title insurance and real estate documents to protect against other parties claiming ownership of the property.
Pre-Approval	A written commitment from a lender, subject to a property appraisal or other stated conditions, that confirms the price of home a potential borrower can afford.
Predatory Lending	When lenders conduct business in ways that is illegal or not in the best interest of borrowers, using tactics that are fraudulent, deceptive, or discriminatory and, as a result, cause the borrower to have difficulties in making payments as agreed.
Prequalification	A preliminary assessment by a lender of the amount it will lend to a potential home buyer. The process of determining how much money a prospective home buyer may be eligible to borrow before he or she applies for a loan.
Prime Rate	Is merely base rate used to make loans to certain borrowers. It is not necessarily the lowest or best rate at which loans are made.
Principal	The total amount of money borrowed, loaned, invested, etc., not including interest or service charges.
Private Mortgage Insurance (PMI or MI)	An insurance policy on a mortgage that is not insured or guaranteed by a government agency. PMI protects a lender against loss if a borrower does not make payments as agreed. Mortgage insurance may be required if a borrower makes less than a 20% down payment on a home loan.
Profit	The positive gain from an investment or a business operation after subtracting all expenses.

TERM – R	DEFINITION
Rate of Return	The annual rate of return is the percentage change in the value of an investment. For example: If you assume you earn a 10% annual rate of return, then you are assuming that the value of your investment has grown by that percentage.
Real Property Assets	Land and anything permanently affixed, including building, fences, trees, and minerals that has monetary value that is owned by a person or a company.
Rebalancing	Is bringing your portfolio back to your original asset allocation mix. This is necessary because over time some of your investments may become out of alignment with your investment goals. You'll find that some of your investments will grow faster than others. By rebalancing, you'll ensure that your portfolio does not overemphasize one or more asset categories, and you'll return your portfolio to a comfortable level of risk.
Reconcile	The process used to determine if the balance in your account register matches the balance reported by the bank on your account statement. Also called balancing your account.
Repossess	When a lender or seller takes back property or collateral from the borrower or buyer, usually because the buyer has failed to make required debt payments on time, or has failed to meet other conditions of the loan agreement.
Retirement Plan	See 401(k), Defined Contribution Plan, and Defined Benefits Plan.
Return on Investment (ROI)	The income that an investment produces for the investor.
Returned Item	This is also known as "non-sufficient funds" or a "bounced check." If you spend more money than you have in your checking account, the bank may return the transaction unpaid and charge a fee.
Revolving Credit	A type of credit allowing an individual to borrow up to a certain amount of money, repay the money borrowed with interest when it is due, and then borrow the money again. The most popular kind of revolving credit account is the credit card.
Roth Individual Retirement Account (IRA)	An individual retirement account with non-deductible contributions, subject to certain income limits, designed to provide tax-free distributions during retirement. Contributions may be withdrawn tax-free at anytime. Tax- and penalty-free withdrawals of earnings may begin when the account has been established for at least five years, and you're at least 59½ years old, for a first time home purchase (\$10,000 lifetime limit), or in the event of disability or death. Non-qualified distributions of earnings may be subject to income tax as well as a 10% IRS penalty. Unlike Traditional IRAs, you aren't required to start taking distributions at age 70½.
Rule of 72	A way to estimate the time or interest rate you would need to double your money on an investment. For example, if you have an investment that's earning 8% per year, 72 divided by 8 equals 9. This means it would take about nine years for your original investment to double.

TERM – S	DEFINITION
Safety Deposit Box	A secure box which you may rent at your bank to store important documents such as birth certificates, stocks, wills, etc.
Sales Contract	A legal agreement, signed by the buyer and the seller, that spells out the terms and conditions for the sale, for example, for a home or property. Also called the sales agreement.
Savings Account	A bank account that allows a customer to deposit and withdraw money and earn interest on the balance.
Savings Institution	A financial Institution that accepts deposits from individuals, makes homes mortgage loans, and pay dividends.
Secure Browser	Websites or web programs that use encryption to protect customer data such as your name, addresses or account information.
Secured Credit Card	A credit card secured by a savings account. The money in the savings account is collateral and may be claimed by the company issuing the card if the account holder fails to make the necessary payments. Using a secured credit card, and paying according to the terms of the agreement, can be a good first step for individuals or businesses that want to establish or rebuild their credit.
Secured Loan	A loan where the borrower provided approved collateral, such as a vehicle or investment account, to secure the loan.
Short Sale, Pre-Foreclosure Sale	Allows you to sell your home and use the proceeds to pay off the mortgage if you are unable to maintain payments, even if the home's market value is less than the total amount owed.
Simple Interest	Interest that is calculated only on the principal sum, that is, the amount of money that was originally deposited. (By contrast, compound interest is when a financial institution pays you interest not only on your initial principal but also on the interest your deposit has earned over time.)
Simplified Employee Pension Individual Retirement Account (SEP)	Pension plan in which both the employee and employer contribute to an IRA. Limited to small businesses with less than 25 employees. Employee participation must be at least 50%. As with an IRA, contributions are tax-deductible.
Skimmer	See Skimming
Skimming	Your debit card or credit card information is used illegally by an individual such as a store employee after you have made a purchase with your card.
Spending Limit	The maximum dollar amount the lender is willing to make available to the borrower according to the agreement between them. For example, if you have a credit card, the credit agreement will usually specify the maximum amount of money you're allowed to charge.
Spending Plan	Also known as a budget, a method of tracking your monthly income and expenses.
Statement	A monthly accounting document sent to you by your bank that lists your account balance at the beginning and end of the month, and all of the checks you wrote that your bank has processed during the month. Your statement also lists other deposits, deductions, and fees, such as service charges.
Stock	Certificate of ownership in a company.
Stock Exchange	An organized market place in which stocks are traded by members of the exchange, such as brokers and principals.
Survey	A precise measurement of a property which defines legal boundaries of the property and the dimensions and location of improvements.

TERM – T	DEFINITION
Tax Return	Required federal and sometimes state tax forms you must complete when you earn money.
Term	A period of time over which a loan is scheduled to be repaid. For example, a home mortgage may have a 30-year term, meaning it must be repaid within 30 years.
Title Agency	A company specializing in titles, the legal documents that establish who has the current right to, or ownership of, a property, plus a history of the property's ownership and transfers.
Title Insurance	This provides the lender and the buyer (if you purchase owner's coverage) with coverage for losses resulting from specific title defects listed in the policy. In cases where land and property have changed hands over time, there is always the possibility an error has occurred.
Traditional Individual Retirement Account (IRA)	An individual, tax-deferred retirement account for employed persons. Subject to certain limits, contributions are deductible against income earned that year. Interest and profits accumulate tax-deferred until the funds are withdrawn at age 59½ or later. Early withdrawals are subject to a 10% penalty. Withdrawals also may be subject to income tax.
Transaction	An agreement between a buyer and seller to exchange an asset for payment. In accounting, a transaction is any event recorded in the written financial records, also called the accounting books.
Transaction Register	A register that allows you to keep accurate records of your deposits and withdrawals. Use your check and/or savings register to record every deposit and withdrawal you make.
Trust	A contract naming a trustee to manage the investments or property within the trust for another person or entity, the trustor, for the benefit of a named beneficiary.

TERM – U	DEFINITION
Underwriting	The process of a lender reviewing the application, documentation and property prior to rendering a loan decision.
Unpaid Balance	The amount that is still owed on a loan or credit card debt.

TERM – V	DEFINITION
Variable Rate	An interest that changes on a periodic basis, usually tied to movement of an outside indicator, such as the prime interest rate. Savings accounts, mortgage loans and certain other kinds of loans, for example may use a variable interest rate. Also called an adjustable rate.

TERM – W	DEFINITION
Will	A legal document that specifies who has rights to your assets upon your death.
Withdrawal	To take money out of an account.
Workout	Restructuring the loan with your loan servicer in a way that enables you to repay the debt.