

Helpful Manufactured Home Loan Terms

- **Actual Rate:** The Actual Rate is the annual interest rate you pay on your loan (sometimes referred to as the "note rate"), and is the rate used to calculate your monthly payments.
- **Adjustable Rate Mortgage:** A loan that adjusts on a regular schedule based on a national economic index and the lender's margin. Also called "variable rate mortgage." Triad Financial Services does not offer adjustable rate mortgages or A.R.M's and does not endorse or recommend adjustable rates mortgages.
- **Amortization:** The process of paying off a mobile home loan with regular payments over a fixed time period, where principal & interest are made on each payment.
- **Amortization Schedule:** A timetable for payments of a manufactured home mortgage showing the amount of each payment that is applied to interest & principal.
- **APR (Annual Percentage Rate):** The APR includes both your interest and any additional costs or prepaid finance charges you might pay, such as prepaid interest, private mortgage insurance, closing fees, points, etc. Your APR represents the total cost of credit on a yearly basis after all charges are taken into consideration. It will usually be slightly higher than your Actual Rate because it includes these additional items and assumes you will keep the loan to maturity.
- **Application Fee:** A one-time fee charged by a lender for processing a borrower's application for a manufactured home mortgage loan. Sometimes the application fee covers the cost of the credit report. Triad Financial Services does not charge an application fee.
- **Appraisal:** A professional opinion of the market value of a manufactured home property, in comparison to other manufactured homes that have sold within or in proximity to the home in question.
- **Appreciation:** An increase in the value of a mobile home due to change in market conditions, home improvement or other factors. Contrary to popular belief, manufactured homes can and do appreciate.
- **Assessed Value:** The value placed on a manufactured home by a public tax assessor for the purpose of determining property taxes. This is considered the least reliable method of determining a manufactured home value and should be given little weight when making a buying or selling decision.
- **Assumable Mortgage:** A loan that can be taken over, or assumed, by a buyer when the mobile home is sold.
- **Automated Underwriting:** A computer-based method that enables mortgage lenders to process a loan application more quickly by using credit scores and other loan application data to make a recommendation on whether or not to extend a mortgage loan. Triad Financial Services personally reviews each and every application and does not use automated underwriting.

- **Balloon Payment Mortgage:** A loan with fixed monthly payments based on a 30-year schedule of payments, but the entire balance of the loan comes due at the end of a set period, usually five, seven or ten years. Triad Financial Services does not offer balloon payment mortgages and does not endorse or recommend their use.
- **Bank:** A depository institution chartered under federal and state regulations that offers services such as checking accounts, savings accounts, consumer loans, safe-deposit boxes, investment services and automatic payment of bills.
- **Bankruptcy:** A legal proceeding declaring that an individual is unable to pay debts, which may release the person from repaying debts owed.
- **Borrower:** The person who applies for and obtains a manufactured home mortgage loan.
- **Budget:** A financial plan for spending and saving money.
- **Building Permit:** A written permit that must be purchased from the local government by anyone doing remodeling or rehabilitation work on a property.
- **Buy-Downs:** Points a borrower pays in advance to lower the interest rate. Only recommended for long term ownership. Triad Financial Services can sometimes finance Buy Down points into the mobile home loan.
- **Buyer's Agent:** A real estate professional who enters into a contract of agency relationship with a buyer, and typically gets paid by splitting the sales commission with the selling or listing agent.
- **Cap:** The maximum amount an interest rate can increase or decrease in a designated period of time (interest rate cap) or over the life of the loan (lifetime cap) on an adjustable rate loan.
- **Capacity:** An applicant's ability to earn enough income to make the new mobile home mortgage loan payments and still pay all other living expenses.
- **Capital:** The funds that a potential homeowner has available for the up front costs of manufactured home ownership, such as the down payment and closing costs.
- **Cash-Out Refinance:** When an owner refinances their manufactured home loan and takes some home equity out as cash. Triad Financial Services offers Cash-Out Refinance loans on manufactured homes in parks.
- **Cash Reserves:** A requirement of some lenders that buyers have sufficient cash remaining after closing to make the first several mortgage payments. Triad Financial Services does not have any cash reserve requirements.
- **Chapter 7 Bankruptcy:** A form of bankruptcy that involves total liquidation of assets. There is no repayment of debt on a Chapter 7 Bankruptcy.
- **Chapter 13 Bankruptcy:** A form of bankruptcy that involves a repayment plan.
- **Charge Off:** An accounting term 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:** A loan secured against personal property, which is common in the financing of manufactured homes.
- **Clear Title:** A title that is free of liens and legal encumbrances on the ownership of personal property.
- **Closing:** The final steps in the transfer of property ownership, which usually occurs at a formal meeting between the buyer, seller, and third party agent(s), where the buyer signs the manufactured home mortgage contract. The seller receives payment for the property, the buyer and/or seller pay closing costs, and the title is transferred from the seller to the buyer.
- **Collateral:** Expenses accepted as security for a loan, that measures the value and condition of the mobile or manufactured home to make sure it is worth at least as much as is being borrowed against it..
- **Commission:** The fee a real estate agent is paid for helping to sell a manufactured home that is usually based on a percentage of the purchase price of the home.
- **Commitment Letter:** A formal offer by a lender stating the terms under which it agrees to loan money to a mobile home buyer or borrower.
- **Community Reinvestment Act (CRA):** A federal law that encourages lenders to meet the credit needs of their local communities.
- **Comparative Market Analysis (CMA):** A written analysis of comparable houses currently being offered for sale and comparable houses sold in the past six months in the general area.
- **Condominium:** A home that is attached to other homes and shares common areas that everyone in the building, development, or community owns together and maintains through a homeowner's association fee.
- **Consolidation Loan:** A manufactured home loan obtained that combines payments of separate bills into one loan payment.
- **Contingency:** A condition put in a purchase agreement when an offer is made to buy a manufactured home.
- **Contract for Deed:** A type of seller financing, also known as "owner carry", where the buyer makes a down payment and installment payments to the seller, but there is no transfer of title for the borrower to own the home until the loan is fully paid or the manufactured home is refinanced into the borrower's name.
- **Contractor:** An individual who is hired to build or rehabilitate a property.
- **Conventional Mortgage:** A loan made by for-profit lenders and not insured by the federal government.
- **Cooperative (Co-op):** A type of group ownership where all members own the community's living units and common areas by owning shares of the property. See Condominium.

- **Co-signer:** A person who agrees to share credit responsibilities and repays the debt if the original borrower defaults.
- **Counteroffer:** A response from the seller changing some of the terms of an original offer.
- **Credit:** The granting of money in exchange for a promise of future repayment that measures an applicant's likeliness to repay a loan based on how previous debts have been handled and paid.
- **Credit Counseling:** Advice given by professional counselors to inform people about how to use credit responsibly and how to get out of serious debt. Credit Counseling services will also make repayment arrangements with the original creditors.
- **Creditor:** Any person or business to whom the consumer owes money and who has the right to undertake legal action to attain money owed on the original debt..
- **Credit Report:** A record of how a consumer has paid credit in the past. Used as a guide to determine a potential manufactured home buyer's creditworthiness.
- **Credit Reporting Agency:** A company that gathers, files and sells information to creditors and others with a legitimate business purpose. Also called a "credit bureau."
- **Credit Score:** A numerical value based on the analysis of a credit report that is used by creditors to predict how likely an individual is to repay a new manufactured home loan.
- **Credit Union:** A financial institution that is a cooperative and offers checking and savings accounts and other financial services for its members. Many credit unions now offer manufactured home financing.
- **Debt:** Money owed. Also called a "liability."
- **Debt Management Plan:** A bill payment plan for a borrower in a credit emergency that is agreed to by the borrower and creditors.
- **Debt-to-Income Ratio:** The maximum percentage of a borrower's gross monthly income that can be spent on the mobile home payment and all other creditor debts.
- **Deductible:** The amount of cash payment required by an insurance policy that is made by the homeowner to cover a portion of a damage or loss. Typically, the higher the deductible, the lower the cost of the policy.
- **Deed of Trust:** An alternative to a mortgage in some states, whereby a third party holds the deed of the property as security until the buyer/borrower repays the loan. Also called "trust deed."
- **Default:** Failure to meet financial obligations or make payments, which may result in the lender foreclosing on the manufactured home loan.
- **Depreciation:** A decrease in the value of the property due to changes in market conditions, wear and tear on the property, or other factors.

- **Disclosures:** Federal or State requirements to provide information about a property for sale, especially as it represents actual or potential defects or problems.
- **Document Recording:** The process of recording certain documents and making them part of the public record that follows closing.
- **Down Payment:** The amount of cash a borrower pays toward purchasing a manufactured home. This money is typically given to the seller.
- **Dual Agent:** A real estate professional who represents both the buyer and the seller in a mobile home purchase transaction.
- **Due-on-Sale Clause:** A provision in a mortgage allowing the lender to demand repayment in full if the borrower sells the property that secures the mortgage.
- **Earnest Money:** Funds that are included with an offer to purchase a manufactured home and to show good faith in following through with the transaction.
- **Equal Credit Opportunity Act (ECOA):** A federal law that requires all lenders and other creditors to make credit equally available to a potential borrower without discrimination based on race, color, national origin, age, sex, marital status or receipt of income from public assistance programs.
- **Equity:** Ownership interest in an asset after liabilities have been deducted. This is the difference between the appraised value of the home and the loan payoff.
- **Equity Loan:** A loan based on the borrower's equity in the home.
- **Escrow:** A written agreement or something of value put in the care of a third party and not delivered until certain conditions are fulfilled. The time period between when the purchase contract is signed and the loan closing.
- **Escrow Account:** A special account set up by the lender to collect and hold monthly payments toward annual property taxes and homeowner's insurance. This is also called an "impound account."
- **Fair Credit Reporting Act (FCRA):** A federal law that enables all consumers to learn what information credit reporting agencies have on file and to dispute inaccurate data in the file.
- **Fair Debt Collection Practices Act:** A federal law that protects all consumers from abuse or threats from collection agencies trying to collect overdue payments on behalf of the original creditor.
- **Fair Housing Act:** A federal law that prohibits any type of discrimination in all housing and real estate transactions.
- **Fair Market Value:** The price a buyer is willing to pay and a seller will accept for the manufactured home.
- **FHA Loan:** A type of mortgage that is insured by the Federal Housing Administration, a department of the Federal government. Triad Financial Services does not offer FHA loans.

- **Finance Charges:** The total dollar amount that is charged to use credit, which includes any interest and/or other costs.
- **First Mortgage:** A home loan that has priority over the claims of any additional or subsequent lenders for the same property in the event of default.
- **Fixed Expense:** Any expense that does not change from period to period, such as loan payments.
- **Fixed-Rate Mortgage:** A loan where the interest rate and payments remain the same over the life of the loan. All of Chattel Mortgage loans have a fixed rate.
- **Flood Insurance:** An insurance policy required by a lender if a buyer's house is located in a flood zone, as determined by the National Flood Insurance Program (NFIP).
- **Forbearance:** The act by which a creditor extends time for payment of a debt or forgoes for a time the right to enforce legal action on the debt or the legal process used to force the payment of a debt secured by collateral whereby the property is sold to satisfy the debt.
- **For-Sale-By-Owner (FSBO):** A home that is offered for sale by the owner without the use of a real estate agent.
- **Gift Letter:** A document that is required by a lender if a borrower receives a down payment or any part of a down payment from an individual as a gift, that is not to be repaid.
- **Good Faith Estimate:** A document that discloses any anticipated settlement or closing costs involved in the transaction.
- **Graduated Payment Mortgage:** A loan that originally starts out with low monthly payments, and then over a period of years, the payments go up slowly and then stay fixed for the rest of the loan. Triad Financial Services does not have a Graduated Payment program.
- **Gross Income:** Money earned before any taxes are withdrawn.
- **Hazard Insurance:** Insurance that protects the homeowner against physical damage to the manufactured home from fire, wind, vandalism and other hazards.
- **Home Equity Line of Credit:** A type of loan that allows the homeowner to access the loan money with checks or a credit card as needed. Based on the equity in your home. Triad Financial Services does not have a program in place for this type of loan.
- **Home Equity Loan:** A loan based on the difference of the amount of equity on a home and the home's current market value.
- **Home Improvement:** Changes to a house that increases its value, such as modernizing a kitchen or replacing carpet or flooring. Triad Financial Services can provide Home Improvement loans if the home is located in a manufactured home park or community.
- **Homeowner's Association:** A group of homeowners within a defined community, neighborhood or complex who make decisions, pay to maintain and repair land and common areas and/or enforce community rules and covenants.

- **Homeowner's Insurance:** An insurance policy that combines liability coverage and hazard insurance on your home.
- **Home Warranty:** A guarantee for certain features of a new home, such as the materials, workmanship and/or its main components offered by a dealership or builder.
- **Home Warranty Policy:** An optional policy that is available that protects a homeowner against the cost of high repair bills for one year if the heating, plumbing, air conditioning or appliances break down.
- **Housing Allowance:** A calculation which considers the monthly home payment, land payment and/or lot lease payment. Lenders in the manufactured home industry try to keep this to no more than 34% of an applicants monthly gross income.
- **Housing Inspection:** A professional opinion of the structural soundness and condition of a manufactured home..
- **Housing Ratio:** The maximum percentage of a borrower's gross monthly income that can be used to make the monthly mortgage payments and land or lot rent. Also called "housing allowance".
- **HUD-1 Settlement Statement:** A final statement listing all of the costs of the sale of a property and who pays for them. HUD-1 Settlement Statements are prepared by escrow/title companies and may or may not applicable to manufactured home sales, depending on the State..
- **Index:** A published market index rate tied to an economic indicator that is used to calculate the interest rate of an adjustable rate mortgage at origination and at each adjustment period.
- **Installment Loan:** A credit account in which the amount of the payment and the number of payments are fixed.
- **Interest:** The cost of borrowing money.
- **Interest Factor:** The cost for borrowing \$1,000 of a mortgage loan based on interest rate and term.
- **Interest Rate:** The percentage of a loan amount charged for a loan.
- **Interest Rate Lock-In:** A written guarantee that a buyer will receive a specified interest rate from a lender, provided that the loan closes within a set period of time.
- **Joint Tenancy:** A form of ownership, where two or more people live together and have an equal and undivided interest in the property.
- **Judgment:** The official court decision of an action or lawsuit that may be listed on a credit report as a public record.
- **Land Lease:** When a person owns a house and rents the land beneath. Also relates to mobile home parks and manufactured home communities..

- **Lease-Purchase Mortgage:** A type of financing option that allows a potential home buyer to lease a home with an option to buy, where 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.
- **Lender:** The entity, business or person who offers a mortgage loan.
- **Liability Protection:** Insurance that covers people (other than the insured) and their personal property in cases of injury or damage while on the homeowner's property.
- **Lien:** A legal hold or claim of one person on the property of another as security for a debt or charge that may be listed on a credit report as a public record. When the mobile home or manufactured home is in a park or is not attached to real property, the lien will normally appear on the home's title.
- **Listing Agent:** A real estate professional who has a contract with the seller of a house to advertise the property for sale and represent the seller when offers are made. If the listing agent is listing a mobile or manufactured home in a leased lot situation, most states require that the listing agent be a licenced dealer.
- **Loan Term:** The length of time a borrower has to pay off a loan.
- **Loan-to-Value Ratio (LTV):** The ratio of the loan balance to the appraised value of the house.
- **Manufactured Home:** A home built entirely in a factory under a federal building code administered by the Department of Housing and Urban Development (HUD) that went into effect June 15, 1976.
- **Mobile Home:** A factory constructed home built from 1970 to June 15, 1976.
- **Modular Home:** Factory-built housing with onsite assembly and some onsite construction that is built to meet state and local codes and does not have a chassis. This is usually considered real property.
- **Mortgage:** A security agreement between the lender and the borrower in which the property is collateral for the loan. The mortgage gives the lender the right to collect payment on a loan and to foreclose if the loan obligations are not met.
- **Mortgage Bank:** A type of financial institution that offers only mortgage financing and/or loans.
- **Mortgage Broker:** A company or individual that locates lender for the borrower for a fee. Brokers are considered the middle man. The use of a mortgage broker can increase your rate and fees that a borrower would have received had they borrowed from a lender directly.
- **Mortgage Insurance (MI):** A policy required by the lender if a borrower puts less than 20% cash down when buying a home with a conventional loan to protect the lender from collateral risk in case of default. Also called "private mortgage insurance (PMI)." Triad Financial Services does not require mortgage insurance.

- **Mortgage Life Insurance:** An optional form of life insurance that pays off a mortgage if the borrower dies. This has proven to not be cost effective for consumers. Chattel mortgage does not offer mortgage life insurance.
- **Mortgage Note:** A legal document obligating a borrower to repay a loan at a stated interest rate during a specified period that is secured by a mortgage and either recorded by title or in the public records along with the deed, in the case of a real property transaction.
- **Mortgage Payment:** The total monthly loan payment known as principal, interest, taxes and insurance (PITI).
- **Multiple Listing Service (MLS):** A service within a given community or area that allows real estate professionals to submit listings and agree to attempt to sell all properties in the service. Some MLS services also list manufactured homes in parks.
- **Negative Amortization:** Payment terms under which the borrower's monthly payments do not cover the interest due, and the loan balance subsequently increases. This occurs when small balances are mortgaged for extended terms.
- **Nontraditional Credit History:** A record of credit performance shown with receipts and check stubs from payments to landlords, utility companies, child-care providers and other applicants who do not have a credit history from traditional loans and other forms of credit.
- **Origination Fee:** A fee that is charged by lenders for submitting, processing and evaluating a proposed mortgage loan.
- **Payment Plan:** An agreement with a lender in which a borrower promises to make up any missed payments by sending one full payment and one partial payment each month until delinquent mortgage payments are caught up.
- **Planned Unit Development (PUD):** A type of property that is part of a subdivision and has common areas that are shared with all residents and maintained through a homeowner's association fee. Usually, the owner owns the home and the land on which it stands. Also called a "co-op" in the case of mobile or manufactured homes.
- **Point:** A fee that is one percent of the loan amount.
- **Pre approval:** A guarantee that a lender will loan a potential buyer a fixed dollar amount as long as they buy a home within a certain time frame and the house appraises for the amount of money for which they qualify.
- **Predatory Lending:** A type of lending that falls between appropriate risk-based pricing and blatant fraud and combines certain products, terms, prices and practices.
- **Pre-Foreclosure Sale:** When the lender agrees to allow a delinquent borrower to sell the house to avoid foreclosure.
- **Prepayment:** Paying more each month than the amount of the regular mortgage loan payment to pay the loan off sooner and save money on interest charges.

- **Prepayment Penalty:** Some lenders will charge a borrower either a flat rate, or percentage of the loan, if the loan is paid in full prior to the maturity date.
- **Pre qualification:** The process used by lenders to calculate a potential buyer's mortgage affordability, usually based on unverified information.
- **Prime Lending:** Lending to borrowers with highly rated credit histories.
- **Principal:** The outstanding balance of a loan, not including interest and other charges.
- **Promissory Note:** A document in which the borrower promises to repay a loan.
- **Property Tax:** A tax charged by the local government and used to fund a variety of municipal services such as schools, police or street maintenance. Manufactured home owners in parks pay personal property taxes in most States..
- **Prorations:** Certain items that are continuing expenses such as property taxes and space rent that must be distributed between the buyers and the sellers at the close of sale and/or escrow.
- **Public Record:** Information obtained by a credit reporting agency from court records, such as liens, bankruptcy filings and judgments.
- **Purchase and Sale Agreements:** A written contract signed by the buyer and seller stating the terms and conditions under which a property will be sold.
- **Purchase Offer:** A purchase proposal to the seller of a house, telling the amount a certain buyer would pay for the house and other conditions that would have to be met before the proposed home sale.
- **Quitclaim Deed:** A deed that operates to release any interest in a property that a person may have. A quitclaim deed is not valid and/or does not apply to manufactured homes, which are considered personal property.
- **Real Estate Broker:** A real estate agent that is authorized to open and run his or her own agency. Most states require real estate brokers to also be licensed dealers when selling manufactured homes in parks or communities where the land is leased.
- **Real Estate Settlement Procedures Act (RESPA):** A lending regulation that establishes laws and procedures for closing mortgage loans. RESPA prohibits cost increasing practices, such as kickbacks and referral fees and requires advance disclosure of settlement costs.
- **Realtor:** A real estate agent or agency that belongs to the local or state board of Realtors and has an affiliation with the National Association of Realtors.
- **Redlining:** An illegal practice of discrimination against a particular ethnic group by mortgage lenders who decide that certain areas of a community are too high risk and refuse to lend to buyers who want to purchase property in those areas, regardless of their qualifications or creditworthiness.
- **Refinancing:** The process of paying off one loan with the proceeds from a new loan secured by the same property.

- **Replacement Coverage:** An optional insurance feature available on both a house and its contents that pays to restore it to its original condition if the home is damaged or replace contents if they are lost.
- **Repossession:** Property that is taken back by the creditor when the borrower does not make payments due on the property.
- **Reverse Mortgage:** A special type of home loan that lets an elderly homeowner convert the equity in the home into cash. Reverse mortgages are not offered by Triad Financial Services.
- **Revolving Account:** A credit agreement that allows a borrower to pay all or part of the outstanding balance on an account. As credit is paid off, it becomes available again to use for another purchase or cash advance.
- **Second Mortgage:** A home loan that has rights subordinate to the rights of the first mortgage. Not normally offered to manufactured homes located in parks and/or leased lot communities.
- **Servicing:** The collection of payments and management of operational procedures related to a mortgage.
- **Settlement Statement:** A document required by the Real Estate Settlement Procedures Act that is an itemized statement of services and charges relating to the closing or settlement of the property transfer. Also called "HUD-1 Settlement Statement" or "Uniform Settlement Statement."
- **Short Sale:** This is where a lender agrees to accept less than the actual payoff on a mortgage. This normally only happens when an account has been deemed "distressed". Warning: The amount waived by the lien holder will be reflected as a charge-off on the consumer's credit and the consumer will receive a 1099 Form for the full amount of the reduction figure, that must be filed with that year's taxes.
- **Single-Family Home:** A type of property, usually detached, where one family owns the home and the land on which it stands.
- **Sole and Separate:** A form of ownership where one individual owns the property, another the manufactured home.
- **Specifications:** A detailed description of the size, shape, materials and other details of a building or remodeling project.
- **Sub prime Lending:** A type of lending that relies on risk-based pricing to serve borrowers who cannot obtain credit in the prime market, where higher degrees of risk for borrowers carry higher costs for loans. Sub prime loans are often called "B- through D" credit.
- **Survey:** A professional measurement of a property and the land around it.
- **Tenancy in Common:** A form of ownership where two or more people own a property and can have different shares of ownership. Also called a "co-op".
- **Title:** A legal document establishing the right of ownership in 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.
- **Truth-In-Lending Act (TILA):** A federal law that requires creditors to give complete and accurate information about the cost of credit to consumers and the terms of repayment.
- **Truth-In-Lending Statement:** A document that discloses the terms and cost of a mortgage loan, including APR.
- **Underwriting:** The process of analyzing a borrower's finances and payment history in order to approve or deny a loan.
- **VA Loan:** A loan that is guaranteed by the Veterans Administration, a department of the Federal Government.
- **Variable Expense:** An expense that changes from period to period, such as utilities, food, clothing and entertainment.
- **Verification:** The process of making sure that all of the borrower's loan application information is accurate.
- **Walk-Through:** A final inspection of the property by the buyer to determine that the property is as described in the purchase agreement, which is usually conducted right before closing.
- **Workout Agreement:** The negotiated agreement that is made with the lender or servicer to address a debt by the homeowner in order to avoid foreclosure.
- **Zoning:** A county or city law stating the types of use to which properties can be put in specific areas.