

## VIII. GLOSSARY OF TERMS

**Advance Fees** – any money that is claimed, demanded, charged, received, or collected up front in promise of services to be done before those services have been completed

**Appraisal** – a written evaluation of the current market value of your home completed by an appraiser

**Balance of Your Loan Forgiven** – a portion of the loan balance is erased and that part of the debt against your home is erased

**Balloon Payment** – an oversized or lump sum payment due at the end of the mortgage term

**Current Market Value** – the amount of money your home would bring if you sold it today in the current, local market; the highest amount any buyer is currently willing to pay for your home today

**Deficiency Balance** – the amount left over from the amount the money an investor or mortgage lender receives from the sale of their foreclosed property that is insufficient to pay off the full loan balance

**Foreclosure** – A process by which an investor or mortgage lender sells your home at a sale auction in order to pay off your loan balance and reclaim their collateral (your home)

**Mortgage Underwriter** – a person working for an investor or mortgage lender that reviews your mortgage loan application or loan modification request, along with all of the supporting documentation you provided, to determine if you qualify for the loan or modification, and evaluate the risk to the investor or mortgage lender

**Prepayment Penalty** – a fee or charge that is assessed to the borrower if they pay their mortgage loan balance off early, before the end of the term specified in the penalty

**Term of Loan** – the length of time set to pay off a loan; usually mortgages are set for 15-year, 30-year, or 40-year terms



*Official Publication of the California Department of Real Estate*

CALIFORNIA DEPARTMENT OF REAL ESTATE  
1651 EXPOSITION BLVD., SACRAMENTO, CA 95815  
[www.dre.ca.gov](http://www.dre.ca.gov)

REVISED: MAY 2020



PDE\_20-111 