



DEIL FINANCE BANKING TERMINOLOGY

OUR SERVICES

DEIL Finance's services allow people to make financial transactions online by granting the ability to transfer funds electronically between individuals and businesses.

Through DEIL Finance, users can send or receive payments for online auctions on websites like Trade Show IoT, purchase or sell goods and services, or donate money or receive donations. It is not necessary to have a DEIL Finance account to use the company's services. DEIL Finance account users can set currency conversion option in account settings.

The DEIL Finance app (also Cash Swap) is available online or at the iTunes App Store and Google Play. DEIL Finance introduced its "One Touch" service, which allows users to pay with a one-touch option on participating merchants websites or apps-Via Email funding.



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A

Account Agreement

The contract governing your open-end credit account, it provides information on changes that may occur to the account.

Account History

The payment history of an account over a specific period of time, including the number of times the account was past due or over limit.

Account Holder

Any and all persons designated and authorized to transact business on behalf of an account. Each account holder's signature needs to be on file with the bank. The signature authorizes that person to conduct business on behalf of the account. See related questions about Joint Account Holder Overdraft Opt-In, Joint Account Check Endorsement, and Joint Account Liability.

Accrued Interest

Interest that has been earned but not yet paid. See related questions about Interest-Bearing Accounts and FDIC Insurance.

Acquiring Bank

In a merger, the bank that absorbs the bank acquired.

Adjustable-Rate Mortgages (ARMS)

Also known as variable-rate mortgages. The initial interest rate is usually below that of conventional fixed-rate loans. The interest rate may change over the life of the loan as market conditions change.

There is typically a maximum (or ceiling) and a minimum (or floor) defined in the loan agreement. If interest rates rise, so does the loan payment. If interest rates fall, the loan payment may as well. See related questions about Variable Rate Home Equity Line of Credit.



Adverse Action

Under the Equal Credit Opportunity Act, a creditor's refusal to grant credit on the terms requested, termination of an existing account, or an unfavorable change in an existing account. See related questions about Credit Denials.

Adverse Action Notice

The notice required by the Equal Credit Opportunity Act advising a credit applicant or existing debtor of the denial of their request for credit or advising of a change in terms considered unfavorable to the account holder. See related questions about Credit Denials.

Affidavit

A sworn statement in writing before a proper official, such as a notary public. See related questions about Credit Disputes and Forgery and Fraud.

Alteration

Any change involving an erasure or rewriting in the date, amount, or payee of a check or other negotiable instrument. See related questions about Alteration.

Amortization

The process of reducing debt through regular installment payments of principal and interest that will result in the payoff of a loan at its maturity.

Annual Percentage Rate (APR)

The cost of credit on a yearly basis, expressed as a percentage.

Annual Percentage Yield (APY)

A percentage rate reflecting the total amount of interest paid on a deposit account based on the interest rate and the frequency of compounding for a 365-day year. See related questions about Savings & Interest-bearing Accounts and Index-linked Certificates of Deposit (CDs).



Application

Under the Equal Credit Opportunity Act (ECOA), an oral or written request for an extension of credit that is made in accordance with the procedures established by a creditor for the type of credit requested. See related questions about Loan Application Denials.

Appraisal

The act of evaluating and setting the value of a specific piece of personal or real property. See related questions about Home Equity Appraisals.

Authorization

The issuance of approval, by a credit card issuer, merchant, or other affiliate, to complete a credit card transaction.

Automated Clearing House (ACH)

A computerized facility used by member depository institutions to electronically combine, sort, and distribute inter-bank credits and debits. ACHs process electronic transfers of government securities and provided customer services, such as direct deposit of customers' salaries and government benefit payments (i.e., social security, welfare, and veterans' entitlements), and preauthorized transfers. See related questions about Electronic Transactions.

Automated Teller Machine (ATM)

A machine, activated by a magnetically encoded card or other medium, that can process a variety of banking transactions. These include accepting deposits and loan payments, providing withdrawals, and transferring funds between accounts. See related questions about ATM/Debit cards.

Automatically Protected

As of May 1, 2011, up to two months of Federal benefits such as Social Security benefits, Supplemental Security Income benefits, Veteran's benefits, Railroad Retirement benefits, and benefits from the Office of Personnel Management that are direct deposited to an account may be protected from garnishment. The amount automatically protected will depend upon the balance of the account on the day of review. See related questions about Garnishments.



Automatic Bill Payment

A checkless system for paying recurring bills with one authorization statement to a financial institution. For example, the customer would only have to provide one authorization form/letter/document to pay the cable bill each month. The necessary debits and credits are made through an Automated Clearing House (ACH).

Availability Date

Bank's policy as to when funds deposited into an account will be available for withdrawal. See related questions about Funds Availability.

Availability Policy

Bank's policy as to when funds deposited into an account will be available for withdrawal. See related questions about Funds Availability.

Available Balance

The balance of an account less any hold, uncollected funds, and restrictions against the account.

Available Credit

The difference between the credit limit assigned to a cardholder account and the present balance of the account. See related questions about Credit Cards.

B

Balance Transfer

The process of moving an outstanding balance from one credit card to another. This is usually done to obtain a lower interest rate on the outstanding balance. Transfers are sometimes subjected to a Balance Transfer Fee. See related questions about Balance Transfers.

Bank Custodian

A bank custodian is responsible for maintaining the safety of clients' assets held at one of the custodian's premises, a sub-custodian facility or an outside depository. See related questions about Bank Custodians.



Bank Examination

Examination of a bank's assets, income, and expenses-as well as operations by representatives of federal and state bank supervisory authority-to ensure that the bank is solvent and is operating in conformity with banking laws and sound banking principles.

Bank Statement

Periodically the bank provides a statement of a customer's deposit account. It shows all deposits made, all checks paid, and other debits posted during the period (usually one month), as well as the current balance.

Banking Day

A business day during which an office of a bank is open to the public for substantially all of its banking functions. See related question about Funds Availability.

Bankrupt

A bankrupt person, firm, or corporation has insufficient assets to cover their debts. The debtor seeks relief through a court proceeding to work out a payment schedule or erase debts. In some cases, the debtor must surrender control of all assets to a court-appointed trustee.

Bankruptcy

The legal proceedings by which the affairs of a bankrupt person are turned over to a trustee or receiver for administration under the bankruptcy laws. There are two types of bankruptcy:

- Involuntary bankruptcy-one or more creditors of an insolvent debtor file a petition having the debtor declared bankrupt.
- Voluntary bankruptcy-the debtor files a petition claiming inability to meet financial obligations and willingness to be declared bankrupt.

Beneficiary

A person who is entitled to receive the benefits or proceeds of a will, trust, insurance policy, retirement plan, annuity, or other contract.

Billing Cycle

The time interval between the dates on which regular periodic statements are issued.



Billing Date

The month, date, and year when a periodic or monthly statement is generated. Calculations have been performed for appropriate finance charges, minimum payment due, and new balance.

Billing Error

A charge that appears on a periodic statement associated with an extension of credit (e.g., credit card) that

- was not authorized by the cardholder or the cardholders' designee,
- is not properly identified, and
- was not accepted by the cardholder or the cardholder's designee.

A billing error can also be caused by a creditor's failure to credit a payment or other credit to an account as well as accounting and clerical errors. See related questions about Credit Card Disputes.

Bond, U.S. Savings

Savings bonds are issued in face value denominations by the U.S. Government in denominations ranging from \$50 to \$10,000. They are typically long-term, low-risk investment tools. See related questions about Savings Bonds.

Business Day

Any day on which offices of a bank are open to the public for carrying on substantially all of the bank's business. See related questions about Funds Availability.

C

Canceled Check

A check that a bank has paid, charged to the account holder's account, and then endorsed. Once canceled, a check is no longer negotiable.

Cashier's Check

A check drawn on the funds of the bank, not against the funds in a depositor's account. However, the depositor paid for the cashier's check with funds from their account. The primary benefit of a cashier's check is that the recipient of the check is assured that the funds are available. See related questions about Cashier's Checks.



Cease and Desist Letter

A letter requesting that a company stops the activity mentioned in the letter.

Certificate of Deposit

A negotiable instrument issued by a bank in exchange for funds, usually bearing interest, deposited with the bank. See related questions about Certificates of Deposit.

Certificate of Release

A certificate signed by a lender indicating that a mortgage has been fully paid and all debts satisfied, also known as release of lien. See related question about Lien Release.

Certified Check

A personal check drawn by an individual that is certified (guaranteed) to be good. The face of the check bears the words "certified" or "accepted," and is signed by an official of the bank or thrift institution issuing the check. The signature signifies that

- the signature of the drawer is genuine, and
- sufficient funds are on deposit and earmarked for payment of the check.

Charge-Off

The balance on a credit obligation that a lender no longer expects to be repaid and writes off as a bad debt. See related question about Charge Off.

Check

A written order instructing a financial institution to pay immediately on demand a specified amount of money from the check writer's account to the person named on the check or, if a specific person is not named, to whoever bears the check to the institution for payment.

Check 21 Act

Check 21 is a Federal law that is designed to enable banks to handle more checks electronically, which is intended to make check processing faster and more efficient. Check 21 is the short name for the Check Clearing for the 21st Century Act, which went into effect on October 28, 2004. See related question about Check 21.



Check Truncation

The conversion of data on a check into an electronic image after a check enters the processing system. Check truncation eliminates the need to return canceled checks to customers. See related question about Check 21.

Checking Account

A demand deposit account subject to withdrawal of funds by check.

ChexSystems

The ChexSystems, Inc. network is comprised of member financial institutions that regularly contribute information on mishandled checking and savings accounts to a central location. ChexSystems shares this information among member institutions to help them assess the risk of opening new accounts.

ChexSystems only shares information with the member institutions; it does not decide on new account openings. Generally, information remains on ChexSystems for five years. See related questions about ChexSystems.

Closed-End Credit

Generally, any credit sale agreement in which the amount advanced, plus any finance charges, is expected to be repaid in full by a specified date. Most real estate and automobile loans are closed-end agreements. See related questions about Mortgages & Home Equity and Personal & Auto Loans.

Closed-End Loan

Generally, any loan in which the amount advanced, plus any finance charges, is expected to be repaid in full by a specified date. Most real estate and automobile loans are closed-end agreements. See related questions about Mortgages & Home Equity and Personal & Auto Loans.

Closing a Mortgage Loan

The consummation of a contractual real estate transaction in which all appropriate documents are signed and the proceeds of the mortgage loan are then disbursed by the lender.



Closing Costs

The expenses incurred by sellers and buyers in transferring ownership in real property. The costs of closing may include the origination fee, discount points, attorneys' fees, loan fees, title search and insurance, survey charge, recordation fees, and the credit report charge. See the Consumer Finance Protection Bureau (CFPB) Settlement Cost Booklet (PDF) for more information.

Collateral

Assets that are offered to secure a loan or other credit. For example, if you get a real estate mortgage, the bank's collateral is typically your house. Collateral becomes subject to seizure on default.

Collected Funds

Cash deposits or checks that have been presented for payment and for which payment has been received.

Collection Agency

A company hired by a creditor to collect a debt that is owed. Creditors typically hire a collection agency only after they have made efforts to collect the debt themselves, usually through letters and telephone calls. You may also wish to visit the Consumer Finance Protection Bureau (CFPB) or the Federal Trade Commission (FTC) websites.

Collection Items

Items—such as drafts, notes, and acceptances—received for collection and credited to a depositor's account after payment has been received. Collection items are usually subject to special instructions and may involve additional fees. Most banks impose a special fee, called a collection charge, for handling collection items.

Collective Investment Funds (CIFs)

A Collective Investment Fund (CIF) is a trust created and administered by a bank or trust company that commingles assets from multiple clients. The federal securities laws generally require entities that pool securities to register those pooled vehicles (such as mutual funds) with the SEC. However, Congress created exemptions from these registration requirements for CIFs so long as the entity offering these funds is a bank or other authorized entity and so long as participation in the fund is restricted to only those customers covered by the exemption. If these limitations are met, CIFs are exempt from SEC registration and reporting requirements. See related question about Collective Investment Funds.



Comaker

A person who signs a note to guarantee a loan made to another person and is jointly liable with the maker for repayment of the loan. See related questions about Joint Account Liability.

Community Reinvestment Act

The Act is intended to encourage depository institutions to help meet the credit needs of the communities in which they operate, including low- and moderate-income neighborhoods. It was enacted by the Congress in 1977.

Consumer Credit Counseling Service

A service which specializes in working with consumers who are overextended with debts and need to make arrangements with creditors.

Conventional Fixed Rate Mortgage

A fixed-rate mortgage offers you a set interest rate and payments that do not change throughout the life, or "term," of the loan.

A conventional fixed-rate loan is fully paid off over a given number of years-usually 15, 20, or 30. A portion of each monthly payment goes towards paying back the money borrowed, the "principal"; the rest is "interest."

Cosigner

An individual who signs the note of another person as support for the credit of the primary signer and who becomes responsible for the obligation. See related questions about Joint Account Liability.

Credit Application

A form to be completed by an applicant for a credit account, giving sufficient details (residence, employment, income, and existing debt) to allow the seller to establish the applicant's creditworthiness. Sometimes, an application fee is charged to cover the cost of loan processing.



Credit Card Account Agreement

A written agreement that explains the

- terms and conditions of the account,
- credit usage and payment by the cardholder, and
- duties and responsibilities of the card issuer.

See related questions about Credit Cards.

Credit Card Issuer

Any financial institution that issues bank cards to those who apply for them.

Credit Disability Insurance

A type of insurance, also known as accident and health insurance, that makes payments on the loan if you become ill or injured and cannot work. See related question about Credit Disability Insurance.

Credit Life Insurance

A type of life insurance that helps repay a loan if you should die before the loan is fully repaid. This is optional coverage. See related questions about Credit Life Insurance.

Credit Limit

The maximum amount of credit that is available on a credit card or other line of credit account.

Credit Repair Organization

A person or organization that sells, provides, performs, or assists in improving a consumer's credit record, credit history or credit rating (or says that they will do so) in exchange for a fee or other payment. It also includes a person or organization that provides advice or assistance about how to improve a consumer's credit record, credit history or credit rating. There are some important exceptions to this definition, including many non-profit organizations and the creditor that is owed the debt.



Credit Report

A detailed report of an individual's credit history prepared by a credit bureau and used by a lender in determining a loan applicant's creditworthiness. See related questions about Credit Reports.

Credit Reporting Agency

An agency that collects individual credit information and sells it for a fee to creditors so they can make a decision on granting loans. Typical clients include banks, mortgage lenders, credit card companies, and other financing companies. Also commonly referred to as a consumer reporting agency or credit bureaus. See related questions about Credit Reporting Agencies.

Credit Score

A number, roughly between 300 and 800, that measures an individual's credit worthiness. The most well-known type of credit score is the FICO® score. This score represents the answer from a mathematical formula that assigns numerical values to various pieces of information in your credit report.

Banks use a credit score to help determine whether you qualify for a particular credit card, loan, or service. See related questions about Credit Scores.

Cut-Off Time

A time of day established by a bank for receipt of deposits. After the cut-off time, deposits are considered received on the next banking day. See related question about Deposit Cut-Off Time.

D

Debit

A debit may be an account entry representing money you owe a lender or money that has been taken from your deposit account.

Debit Card

A debit card allows the account owner to access their funds electronically. Debit cards may be used to obtain cash from automated teller machines or purchase goods or services using point-of-sale systems. The use of a debit card involves immediate debiting and crediting of consumers' accounts. See related questions about Debit Cards.



Debt Collector

Any person who regularly collects debts owed to others. See related questions about Debt Collection.

Debt Elimination Scheme

A debt elimination scheme is a plan that is advertised as a way for an individual to eliminate various types of debt simply by paying someone a small fee compared to the amount of debt to be eliminated. These schemes are fraudulent.

As a result of using a fraudulent scheme, individuals will lose money, could lose property, will damage their credit rating, and possibly incur additional debt. In addition, a creditor may take legal action against an individual to resolve a fraudulent attempt to eliminate debt. It is also possible for the victim to have identify theft occur by participating in such a fraudulent scheme. See related questions about Debt Elimination and Fraudulent Schemes.

Debtor

Someone who owes monies to another party.

Debt-to-Income Ratio (DTI)

The percentage of a consumer's monthly gross income that goes toward paying debts. Generally, the higher the ratio, the higher the perceived risk. Loans with higher risk are generally priced at a higher interest rate. See related question about Debt-to-Income Ratio.

Decedent

A deceased person, ordinarily used with respect to one who has died recently.

Deferred Payment

A payment postponed until a future date.

Delinquency

A debt that was not paid when due.

Demand Deposit

A deposit of funds that can be withdrawn without any advance notice.



Deposit Slip

An itemized memorandum of the cash and other funds that a customer presents to the bank for credit to his or her account.

Derogatory Information

Data received by a creditor indicating that a credit applicant has not paid his or her accounts with other creditors according to the required terms. See related questions in Credit Reports.

Direct Deposit

A payment that is electronically deposited into an individual's account at a depository institution.

Direct Dispute

A dispute submitted directly to the furnisher about the accuracy of information in your consumer report that relates to an account or other relationship you have with the furnisher. See related questions about Credit Disputes.

Disclosures

Certain information that Federal and State laws require creditors to give to borrowers relative to the terms of the credit extended.

Draft

A signed, written order by which one party (the drawer) instructs another party (the drawee) to pay a specified sum to a third party (the payee), at sight or at a specific date. Typical bank drafts are negotiable instruments and are similar in many ways to checks.

Drawee

The person (or bank) who is expected to pay a check or draft when it is presented for payment.

Drawee Bank

The bank upon which a check is drawn.

Drawer

The person who writes a check or draft instructing the drawee to pay someone else.



E

Electronic Banking

A service that allows an account holder to obtain account information and manage certain banking transactions through a personal computer via the financial institution's Website on the Internet. (This is also known as Internet or online banking.)

Electronic Check Conversion

Electronic check conversion is a process in which your check is used as a source of information for the check number, your account number, and the number that identifies your financial institution. The information is then used to make a one-time electronic payment from your account—an electronic fund transfer. The check itself is not the method of payment. See related question about Check 21.

Electronic Funds Transfer (EFT)

The transfer of money between accounts by consumer electronic systems—such as automated teller machines (ATMs) and electronic payment of bills—rather than by check or cash. (Wire transfers, checks, drafts, and paper instruments do not fall into this category.) See related questions about Electronic Transactions.

Embezzlement

In most states, embezzlement is defined as theft/larceny of assets (money or property) by a person in a position of trust or responsibility over those assets. Embezzlement typically occurs in the employment and corporate settings.

Encoding

The process used to imprint or inscribe MICR characters on checks, deposits, and other financial instruments. [Magnetic Ink Character Recognition (MICR) is a character-recognition technology adopted mainly by the banking industry to facilitate the processing of checks. Each check is encoded at the bottom with the dollar amount of the check. If that information is entered incorrectly, there is an encoding error.]

Enforcement Action

A regulatory tool that the OCC may use to correct problems or effect change in a national bank.



Equal Credit Opportunity Act (ECOA)

Prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age, or because an applicant receives income from a public assistance program.

Error Resolution

The required process for resolving errors involving electronic transfers to and from deposit accounts. See related questions about Bank Errors & Disputes and Credit Card Disputes.

Escheat

Reversion of real or personal property to the state when 1) a person dies without leaving a will and has no heirs, or 2) when the property (such as a bank account) has been inactive for a certain period of time. See related questions about Inactive Accounts.

Escrow

A financial instrument held by a third party on behalf of the other two parties in a transaction. The funds are held by the escrow service until it receives the appropriate written or oral instructions-or until obligations have been fulfilled. Securities, funds, and other assets can be held in escrow.

Escrow Analysis

The periodic examination of escrow accounts by a mortgage company to verify that monthly deposits are sufficient to pay taxes, insurance, and other escrow-related items on when due.

Escrow Funds

Funds held in reserve by a mortgage company to pay taxes, insurance, and other mortgage-related items when due.

Estate Account

An account held in the name of a decedent that is administered by an executor or administrator of the estate.



Exception Hold

A period of time that allows the banks to exceed the maximum hold periods defined in the Expedited Funds Availability Act. See related questions about Funds Availability.

F

Fair and Accurate Credit Transactions Act of 2003 (FACT Act or FACTA)

The purpose of this Act is to help consumers protect their credit identities and recover from identity theft.

One of the key provisions of this Act is that consumers can request and obtain a free credit report once every 12 months from each of the three nationwide consumer credit reporting companies (Equifax, Experian, and TransUnion). AnnualCreditReport.com provides consumers with the secure means to request their free credit report.

Fair Credit Reporting Act (FCRA)

A federal law, established in 1971 and revised in 1997, that gives consumers the right to see their credit records and correct any mistakes.

The FCRA regulates consumer credit reporting and related industries to ensure that consumer information is reported in an accurate, timely, and complete manner. The Act was amended to address the sharing of consumer information with affiliates. See related questions in Credit Reports.

Fair Debt Collection Practices Act (FDCPA)

The Fair Debt Collection Practices Act is a set of United States statutes added as Title VIII of the Consumer Credit Protection Act. Its purpose is to ensure ethical practices in the collection of consumer debts and to provide consumers with an avenue for disputing and obtaining validation of debt information in order to ensure the information's accuracy. It is often used in conjunction with the Fair Credit Reporting Act. See related questions about Debt Collection.

Federal Deposit Insurance Corporation (FDIC)

A government corporation that insures the deposits of all national and State banks that are members of the Federal Reserve System. See related questions FDIC Insurance and Who Regulates My Bank?.



Federal Emergency Management Agency (FEMA)

Federal agency responsible for the emergency evaluation and response to all disasters, natural and man-made. FEMA oversees the administration of flood insurance programs and the designation of certain areas as flood prone. See related questions about Flood Insurance.

Federal Reserve System

The central bank of the United States. The Fed, as it is commonly called, regulates the U.S. monetary and financial system. The Federal Reserve System is composed of a central governmental agency in Washington, D.C. (the Board of Governors) and twelve regional Federal Reserve Banks in major cities throughout the United States.

You can divide the Federal Reserve's duties into four general areas:

- Conducting monetary policy
- Regulating banking institutions and protecting the credit rights of consumers
- Maintaining the stability of the financial system
- Providing financial services to the U.S. government

See [Who Regulates My Bank?](#) for more information.

Fiduciary

Undertaking to act as executor, administrator, guardian, conservator, or trustee for a family trust, authorized trust, or testamentary trust, or receiver or trustee in bankruptcy. See related questions about Trusts.

Finance Charge

The total cost of credit a customer must pay on a consumer loan, including interest. The Truth in Lending Act requires disclosure of the finance charge.



Financial Regulatory Agency

An organization authorized by statute for ensuring the safe and sound operation of financial institutions chartered to conduct business under that agency's jurisdiction.

The primary regulators are the following:

- Office of the Comptroller of the Currency (OCC)
- Federal Reserve Board (FRB)
- Federal Deposit Insurance Corporation (FDIC)
- Consumer Financial Protection Bureau (CFPB)
- National Credit Union Administration (NCUA)
- State regulatory agencies

First Mortgage

A real estate loan which is in a first lien position, taking priority over all other liens. In case of a foreclosure, the first mortgage will be repaid before any other mortgages.

Fixed Rate Loan

The interest rate and the payment remain the same over the life of the loan. The consumer makes equal monthly payments of principal and interest until the debt is paid in full.

Fixed Rate Mortgage

A mortgage with payments that remain the same throughout the life of the loan because the interest rate and other terms are fixed and do not change.

Float

1) The amount of uncollected funds represented by checks in the possession of one bank but drawn on other banks. 2) The time that elapses between the day a check is deposited and the day it is presented for payment to the financial institution on which it is drawn.

Flood Insurance

Flood insurance protects against water from an overflowing river or a hurricane's tidal surge and also covers damage from water that builds up during storms. See related questions about Flood Insurance.



Flood Plain

A strip of relatively flat and normally dry land alongside a stream, river, or lake that is covered by water during a flood. See related questions about Flood Insurance.

Foreclosure

A legal process in which property that is collateral or security for a loan may be sold to help repay the loan when the loan is in default. See related questions about Foreclosure.

Foreign Transaction Fees

A fee assessed by your bank for making a transaction at another bank's ATM.

Forged Check

A check on which the drawer's signature has been forged. See related questions about Forgery.

Forgery

The fraudulent signing or alteration of another's name to an instrument such as a deed, mortgage, or check. The intent of the forgery is to deceive or defraud. See related question about Forgery.

Fraud Alert

A key provision of the Fair and Accurate Credit Transactions Act of 2003 is the consumer's ability to place a fraud alert on their credit record. A consumer would use this option if they believe they were a victim of identity theft.

The alert requires any creditor that is asked to extend credit to contact the consumer by phone and verify that the credit application was not made by an identity thief.

Freedom of Information Act (FOIA)

A Federal law that mandates that all the records created and kept by Federal agencies in the executive branch of government must be open for public inspection and copying. The only exceptions are those records that fall into one of nine exempted categories listed in the statute.



Frozen Account

An account on which funds may not be withdrawn until a lien is satisfied and a court order or other legal process makes the account available for withdrawal (e.g., the account of a deceased person is frozen pending a court order distributing the funds to the new lawful owners).

An account may also be frozen when there is a dispute regarding the true ownership of an account. The bank will freeze the account to preserve the existing funds until legal action can determine the lawful owner.

Furnisher

An entity that provides information about a consumer to a consumer reporting agency for inclusion in a consumer report. See related questions about Credit Disputes.

G

Garnishment/Garnish

A legal process that allows a creditor to remove funds from your bank account to satisfy a debt that you have not paid. If you owe money to a person or company, they can obtain a court order directing your bank to take money out of your account to pay off your debt. See related questions about Garnishments.

Guaranteed Student Loan

An extension of credit from a financial institution that is guaranteed by a Federal or State government entity to assist with tuition and other educational expenses. The government entity is responsible for paying the interest on the loan and paying the lender to manage it. The government entity also is responsible for the loan if the student defaults.

Guarantor

A party who agrees to be responsible for the payment of another party's debts should that party default.



H

Hold

Used to indicate that a certain amount of a customer's balance may not be withdrawn until an item has been collected, or until a specific check or debit is posted. See related questions about Funds Availability.

Home Equity Line of Credit (HELOC)

A line of credit secured by the equity in a consumer's home. It can be used for home improvements, debt consolidation, and other major purchases. Interest paid on the loan is generally tax deductible (consult a tax advisor to be sure). The funds may be accessed by writing checks against the line of credit or by getting a cash advance. See related questions about Home Equity Loans & Lines of Credit.

Home Equity Loan

A home equity loan allows you to tap into your home's built-up equity, which is the difference between the amount that your home could be sold for and the amount that you still owe.

Homeowners often use a home-equity loan for home improvements, to pay for a new car, or to finance their child's college education. The interest paid is usually tax-deductible.

Because the loan is secured by your home's equity, if you default, the bank may foreclose on your house and take ownership of it.

This type of loan is sometimes referred to as a second mortgage or borrowing against your home. See related questions about Home Equity Loans & Lines of Credit.

I

Inactive Account

An account that has little or no activity; neither deposits nor withdrawals having been posted to the account for a significant period of time. See related questions about Inactive Accounts.



Index-linked Certificate of Deposit

An index-linked CD is a deposit obligation of the issuing bank and is often sold through bank branches and affiliated and unaffiliated brokers. Index-linked CDs provide the investor the ability to participate in the appreciation, if any, of a particular index, during the term of the CD. Index-linked CDs may have complicated payout structures and may not be suitable or appropriate for all investors. Investors should carefully review the investment risk considerations detailed in the relevant offering documents and disclosure statements. Index-linked CDs are not securities and are not registered under securities laws. See related questions about Index-linked Certificates of Deposit.

Individual Account

An account in the name of one individual.

Individual Retirement Account (IRA)

A retirement savings program for individuals to which yearly tax-deductible contributions up to a specified limit can be made. The amount contributed is not taxed until withdrawn. Withdrawal is not permitted without penalty until the individual reaches age 59 1/2.

Insufficient Funds

When a depositor's checking account balance is inadequate to pay a check presented for payment. See related questions about Non-Sufficient Funds.

Insurance (Hazard)

Insurance to protect the homeowner and the lender against physical damage to a property from sources such as but not limited to fire, wind, or vandalism. See related questions about Property & Home Insurance.

Insured Deposits

Deposits held in financial institutions that are guaranteed by the Federal Deposit Insurance Corporation (FDIC) against loss due to bank failure. See related question FDIC Insurance.

Interest

The term interest is used to describe the cost of using money, a right, share, or title in property.



Interest Rate

The amount paid by a borrower to a lender in exchange for the use of the lender's money for a certain period of time. Interest is paid on loans or on debt instruments, such as notes or bonds, either at regular intervals or as part of a lump sum payment when the issue matures. See related questions about Savings & Interest-Bearing Accounts, Mortgages & Home Equity, and Loan Interest Rates.

Interest Rate Index

IA table of yields or interest rates being paid on debt that is used to determine interest-rate changes for adjustable-rate mortgages and other variable-rate loans. See related questions about Index-Linked CD.

J

Joint Account

An account owned by two or more persons. Either party can conduct transactions separately or together as set forth in the deposit account contract. See related questions about Joint Account Liability.

K

Kiting

Writing a check in an amount that will overdraw the account but making up the deficiency by depositing another check on another bank. For example, mailing a check for the mortgage when your checking account has insufficient funds to cover the check, but counting on receiving and depositing your paycheck before the mortgage company presents the check for payment.

L

Late Charge

The fee charged for delinquent payment on an installment loan, usually expressed as a percentage of the loan balance or payment. Also, a penalty imposed by a card issuer against a cardholder's account for failing to make minimum payments.



Lease

A contract transferring the use of property or occupancy of land, space, structures, or equipment in consideration of a payment (e.g., rent).

Lender

An individual or financial institution that lends money with the expectation that the money will be returned with interest.

Lien

Legal claim against a property. Once the property is sold, the lien holder is then paid the amount that is owed.

Line of Credit

A pre-approved loan authorization with a specific borrowing limit based on creditworthiness. A line of credit allows borrowers to obtain a number of loans without re-applying each time as long as the total of borrowed funds does not exceed the credit limit. See related questions about Home Equity Lines of Credit.

Loan-to-Value Ratio (LTV)

The ratio of the loan principal (amount borrowed) to the appraised value (selling price). For example, on a \$100,000 home, with a mortgage loan principal of \$80,000, the loan-to-value ratio is 80 percent. The LTV will affect programs available to the borrower; generally, the lower the LTV, the more favorable the program terms offered by lenders.

Loan Contract

The written agreement between a borrower and a lender in which the terms and conditions of the loan are set.

Loan Fee

A fee charged by a lender to make a loan (in addition to the interest charged to the borrower).



Loan Modification Provision

A contractual agreement in a loan that allows the borrower or lender to permanently change one or more of the terms of the original contract. See related question about Mortgage Assistance.

Loan Proceeds

The net amount of funds that a lending institution disburses under the terms of a loan, and which the borrower then owes.

Local Check

A check payable by, at, or through a bank in the same check processing region as the location of the branch of the depository bank. The depository bank is the bank into which the check was deposited. As of February 27, 2010, the Federal Reserve consolidated its checking processing centers into one processing center. Therefore, all checks are now considered local. See related questions about Funds Availability.

M

Manufactured (Mobile) Home

A structure, built on a permanent chassis, transported to a site in one or more sections, and affixed to a permanent foundation. The term does not include recreational vehicles.

Maturity

The date on which the principal balance of a loan, bond, or other financial instrument becomes due and payable.

Minimum Balance

The amount of money required to be on deposit in an account to qualify the depositor for special services or to waive a service charge.

Minimum Payment

The minimum dollar amount that must be paid each month on a loan, line of credit, or other debt. See related question about Minimum Payments.



Missing Payment

A payment that has been made but not credited to the appropriate account.

Mobile Home

To be eligible for coverage under the National Flood Insurance Program, a mobile home must be on a permanent foundation and meet specific anchoring requirements for its location. See the manufactured (mobile) home definition.

Money Market Deposit Account

A savings account that offers a higher rate of interest in exchange for larger than normal deposits. Insured by the FDIC, these accounts have limits on the number of transactions allowed and may require higher balances to receive the higher rate of interest. See related questions about Savings & Interest-bearing Accounts.

Money Market Fund

An open-ended mutual fund that invests in short-term debts and monetary instruments such as Treasury bills and pays money market rates of interest. Money market funds usually offer checkwriting privileges. They are not insured by the FDIC.

Mortgage

A debt instrument used in a real estate transaction where the property is the collateral for the loan. A mortgage gives the lender a right to take possession of the property if the borrower fails to pay off the loan. See related questions about Mortgages.

Mortgage Loan

A loan made by a lender to a borrower for the financing of real property. See related questions about Mortgages.

Mortgagee

The lender in a mortgage loan relationship. See related questions about Mortgage Lenders & Servicers.



Mortgagor

The borrower in a mortgage loan relationship. (Property is used as collateral to make payment.)

Mutual Fund

A fund operated by an investment company that raises money from shareholders and invests it in stocks, bonds, options, commodities, or money market securities. These funds offer investors the advantages of diversification and professional management. To participate, the investor may pay fees and expenses. (Mutual funds are not covered by FDIC insurance).

N

National Bank

A bank that is subject to the supervision of the Comptroller of the Currency. The Office of the Comptroller of the Currency is a bureau of the U.S. Treasury Department. A national bank can be recognized because it must have "national" or "national association" in its name. See [Who Regulates My Bank?](#) for more information.

National Bank Examiner

An employee of the Comptroller of the Currency whose function is to examine federally chartered financial institutions. Examiners evaluate bank activities and management processes to ensure national banks operate in a safe and sound manner and comply with laws and regulations.

National Credit Union Administration (NCUA)

The Federal regulatory agency that charters and supervises Federal credit unions. (NCUA also administers the National Credit Union Share Insurance Fund, which insures the deposits of Federal credit unions. See [Who Regulates My Bank?](#) for more information.

National Flood Insurance Program (NFIP)

The program of flood insurance coverage and floodplain management administered under the Flood Disaster Protection Act (FDPA or Act) and applicable Federal regulations found in Title 44 of the Code of Federal Regulations, Subchapter B. See related questions about Flood Insurance.



Negotiable Order of Withdrawal Account (NOW)

A savings account from which withdrawals can be made by negotiable orders of withdrawal (functional equivalent of checks). This is an interest-bearing account for which the bank must reserve the right to require the depositor to provide at least seven days notice of his/her intent to withdraw funds. See related question about NOW Accounts.

Not Automatically Protected

There are several types of Federal benefits that are not automatically protected under 31CFR 212: Federal benefits received by check rather than direct deposit; Federal benefits received more than two months before the bank received the garnishment order or Federal benefits that were transferred to another bank account. The benefits may be exempt from garnishment but you will have to alert the court or creditor. See related questions about Garnishments.

O

Official Check

A check drawn on a bank and signed by an authorized bank official. (Also known as a cashier's check.)

Offset, Right of

Banks' legal right to seize funds that a guarantor or debtor may have on deposit to cover a loan in default. It is also known as right of setoff. See related questions about Right of Offset.

Online Banking

A service that allows an account holder to obtain account information and manage certain banking transactions through a personal computer via the financial institution's website on the internet. (This is also known as internet or electronic banking.)

Open-End Credit

A credit agreement (typically a credit card) that allows a customer to borrow against a preapproved credit line when purchasing goods and services. The borrower is only billed for the amount that is actually borrowed plus any interest due. (Also called a charge account or revolving credit.) See related questions about Credit Cards and Home Equity Lines of Credit.



Operating Subsidiary

National banks conduct some of their banking activities through companies called operating subsidiaries. These subsidiaries are companies that are owned or controlled by a national bank and that, among other things, offer banking products and services such as loans, mortgages, and leases.

The Office of the Comptroller of the Currency supervises and regulates the activities of many of these operating subsidiaries.

Outstanding Check

A check written by a depositor that has not yet been presented for payment to or paid by the depositor's bank.

Overdraft

When the amount of money withdrawn from a bank account is greater than the amount actually available in the account, the excess is known as an overdraft, and the account is said to be overdrawn. See related questions about Overdraft Protection Programs.

Overdraw

To write a check for an amount that exceeds the amount on deposit in the account.

Overlimit

An open-end credit account in which the assigned dollar limit has been exceeded.

P

Participating Community

A community for which the Federal Emergency Management Agency (FEMA) has authorized the sale of flood insurance under the National Flood Insurance Program (NFIP). See related questions about Flood Insurance.

Passbook

A book in ledger form in which are recorded all deposits, withdrawals, and earnings of a customer's savings account.



Past Due Item

Any note or other time instrument of indebtedness that has not been paid on the due date.

Payday Loans

A small-dollar, short-term loan that a borrower promises to repay out of their next paycheck or deposit of funds.

Payee

The person or organization to whom a check, draft, or note is made payable. See related question about Endorsing Checks.

Paying (Payor) Bank

A bank upon which a check is drawn and that pays a check or other draft. See related questions about Funds Availability.

Payment Due Date

The date on which a loan or installment payment is due. It is set by a financial institution. Any payment received after this date is considered late; fees and penalties can be assessed.

Payoff

The complete repayment of a loan, including principal, interest, and any other amounts due. Payoff occurs either over the full term of the loan or through prepayments.

Payoff Statement

A formal statement prepared when a loan payoff is contemplated. It shows the current status of the loan account, all sums due, and the daily rate of interest.

Payor

The person or organization who pays.



Periodic Rate

The interest rate described in relation to a specific amount of time. The monthly periodic rate, for example, is the cost of credit per month; the daily periodic rate is the cost of credit per day.

Periodic Statement

The billing summary produced and mailed at specified intervals, usually monthly. See related questions about Bank Accounts Statements & Records.

Personal Identification Number (PIN)

Generally a four-character number or word, the PIN is the secret code given to credit or debit cardholders enabling them to access their accounts. The code is either randomly assigned by the bank or selected by the customer. It is intended to prevent unauthorized use of the card while accessing a financial service terminal.

Phishing

The activity of defrauding an online account holder of financial information by posing as a legitimate entity. See related questions about Internet Scams.

PITI

Common acronym for principal, interest, taxes, and insurance—used when describing the monthly charges on a mortgage.

Point of Sale (POS)

1) The location at which a transaction takes place. 2) Systems that allow bank customers to effect transfers of funds from their deposit accounts and other financial transactions at retail establishments.



Power of Attorney

A written instrument which authorizes one person to act as another's agent or attorney. The power of attorney may be for a definite, specific act, or it may be general in nature. The terms of the written power of attorney may specify when it will expire. If not, the power of attorney usually expires when the person granting it dies.

Some institutions require that you use the bank's power of attorney forms. (The bank may refer to this as a Durable Power of Attorney: The principal grants specific rights to the agent).

Preauthorized Electronic Fund Transfers

An EFT authorized in advance to recur at substantially regular intervals. See related questions about Electronic Transactions.

Preauthorized Payment

A system established by a written agreement under which a financial institution is authorized by the customer to debit the customer's account in order to pay bills or make loan payments. See related questions about Preauthorized Payments.

Preferred Risk Policy (PRP)

A policy that offers fixed combinations of building/contents coverage or contents-only coverage at modest, fixed premiums. The PRP generally is available for property located in B, C, and X Zones in Regular Program Communities that meets eligibility requirements based on the property's flood loss history.

Prepayment

The payment of a debt before it actually becomes due. See related question about Prepayment.

Prepayment Clause

A clause in a mortgage allowing the mortgagor to pay off part or all of the unpaid debt before it becomes due.



Prepayment Penalty

A penalty imposed on a borrower for repaying the loan before its due date. (In the case of a mortgage, this applies when there is not a prepayment clause in the mortgage note to offset the penalty). See related question about Prepayment Penalty.

Previous Balance

The cardholder's account balance as of the previous billing statement.

Principal Balance

The outstanding balance on a loan, excluding interest and fees.

Private Mortgage Insurance (PMI)

Insurance offered by a private insurance company that protects the bank against loss on a defaulted mortgage up to the limit of the policy (usually 20 to 25 percent of the loan amount). PMI is usually limited to loans with a high loan-to-value (LTV) ratio. The borrower pays the premium. See related questions about Private Mortgage Insurance.

Q NIL

R

Real Estate Settlement Procedures Act (RESPA)

Federal law that, among other things, requires lenders to provide "good faith" estimates of settlement costs and make other disclosures regarding the mortgage loan. RESPA also limits the amount of funds held in escrow for real estate taxes and insurance.

Reconciliation

The process of analyzing two related records and, if differences exist between them, finding the cause and bringing the two records into agreement. Example: Comparing an up-to-date check book with a monthly statement from the financial institution holding the account.

Redlining

The alleged practice of certain lending institutions of not making mortgage, home improvement, and small business loans in certain neighborhoods-usually areas that are deteriorating or considered by the lender to be poor investments.



Refinancing

A way of obtaining a better interest rate, lower monthly payments, or borrow cash on the equity in a property that has built up on a loan. A second loan is taken out to pay off the first, higher-rate loan.

Refund

An amount paid back because of an overpayment or because of the return of an item previously sold. See related question about Credit Card Balance Refunds.

Regular Program Community

A community wherein a Flood Insurance Rate Map is in effect and full limits of coverage are available under the Flood Disaster Protection Act (FDPA or Act). See related questions about Flood Insurance.

Release of Lien

To free a piece of real estate from a mortgage. See related question about Release of Lien.

Renewal

A form of extending an unpaid loan in which the borrower's remaining unpaid loan balance is carried over (renewed) into a new loan at the beginning of the next financing period.

Residual Interest

Interest that continues to accrue on your credit card balance from the statement cycle date until the bank receives your payment.

For example, if your statement cycle date was January 10 and the bank received your payment on January 20, there were ten days for which interest accrued. This amount will be posted on your next statement. See related question about Residual Interest.

Return Item

A negotiable instrument—principally a check—that has been sent to one bank for collection and payment and is returned unpaid by the sending bank.



Reverse Mortgage

A reverse mortgage is a special home loan product that allows a homeowner aged 62 or older the ability to access the equity that has accumulated in their home. The home itself will be the source of repayment. The loan is underwritten based on the value of the collateral (home) and the life expectancy of the borrower. The loan must be repaid when you die, sell your home, or no longer live there as your principal residence. See related questions about Reverse Mortgages.

Revolving Credit

A credit agreement (typically a credit card) that allows a customer to borrow against a preapproved credit line when purchasing goods and services. The borrower is only billed for the amount that is actually borrowed plus any interest due. (Also called a charge account or open-end credit.)

Right of Offset

Banks' legal right to seize funds that a guarantor or debtor may have on deposit to cover a loan in default. It is also known as the right of set-off. See related questions about Right of Offset.

Right of Rescission

Right to cancel, within three business days, a contract that uses the home of a person as collateral, except in the case of a first mortgage loan. There is no fee to the borrower, who receives a full refund of all fees paid. The right of rescission is guaranteed by the Truth in Lending Act (TILA).

S

Safe (or Safety) Deposit Box

A type of safe usually located in groups inside a bank vault and rented to customers for their use in storing valuable items. See related questions about Safe Deposit Box.

Safekeeping

A service provided by banks where securities and valuables are protected in the vaults of the bank for customers.



Satisfaction of Mortgage

A document issued by a mortgagee (the lender) when a mortgage is paid in full.

Service Charge

A charge assessed by a depository institution for processing transactions and maintaining accounts. See related questions about Bank Account Fees.

Signature Card

A card signed by each depositor and customer of a bank which may be used as a means of identification. The signature card represents a contract between the bank and the depositor.

Special Flood Hazard Area (SFHA)

An area defined on a Flood Insurance Rate Map with an associated risk of flooding. See related questions about Flood Insurance.

Stale-Dated Check

Presented to the paying bank 180 days (6 months) or more after the original issue date. Banks are not required by the Uniform Commercial Code to honor stale-dated checks and can return them to the issuing bank unpaid. The maker of a check can discourage late presentment by writing the words "not good after X days" on the back of the check.

State Bank

A bank that is organized under the laws of a State and chartered by that State to conduct the business of banking. See [Who Regulates My Bank?](#) for more information.

State Banking Department

The organization in each State that supervises the operations and affairs of State banks.

Statement

A summary of all transactions that occurred over the preceding month and could be associated with a deposit account or a credit card account.



Stop Payment

An order not to pay a check that has been issued but not yet cashed. If requested soon enough, the check will not be debited from the payer's account. Most banks charge a fee for this service. See related question about Stop Payment Orders.

Student Loan

Loans made, insured, or guaranteed under any program authorized by the Higher Education Act. Loan funds are used by the borrower for education purposes.

Substitute Check

A substitute check is a paper copy of the front and back of the original check. A substitute check is slightly larger than a standard personal check so that it can contain a picture of your original check.

A substitute check is legally the same as the original check if it accurately represents the information on the original check and includes the following statement: "This is a legal copy of your check. You can use it the same way you would use the original check." The substitute check must also have been handled by a bank.

Substitute checks were created under Check 21, the Check Clearing for the 21st Century Act, which became effective on October 28, 2004. See related question about Check 21.

T

Terms

The period of time and the interest rate arranged between creditor and debtor to repay a loan.

Time Certificate of Deposit

A time deposit evidenced by a negotiable or nonnegotiable instrument specifying an amount and maturity. See related questions about Certificates of Deposit.

Time Deposit

A time deposit (also known as a term deposit) is a money deposit at a bank that cannot be withdrawn for a certain "term" or period of time. When the term is over it can be withdrawn, or it can be held for another term. The longer the term, the better the yield on the money. Generally, there are significant penalties for early withdrawal. See related questions about Certificates of Deposit.



Trust Account

A general term that covers all types of accounts in a trust department, such as estates, guardianships, and agencies. See related questions about Trust Accounts.

Trust Administrator

A person or institution that manages trust accounts. See related questions about Trust Accounts.

Truth in Lending Act (TILA)

The Truth in Lending Act is a Federal law that requires lenders to provide standardized information so that borrowers can compare loan terms. In general, lenders must provide information on

- what credit will cost the borrowers,
- when charges will be imposed, and
- what the borrower's rights are as a consumer.

See related questions about Personal & Auto Loans.

U

Uncollected Funds

A portion of a deposit balance that has not yet been collected by the depository bank.

Uniform Commercial Code (UCC)

A set of statutes enacted by the various States to provide consistency among the States' commercial laws. It includes negotiable instruments, sales, stock transfers, trust and warehouse receipts, and bills of lading.

Uniform Gift to Minors Account

A UGMA provides a child under the age of 18 (a minor) with a way to own investments. The money is in the minor's name, but the custodian (usually the parent) has the responsibility to handle the money in a prudent manner for the minor's benefit. The parent cannot withdraw the money to use for his or her own needs. See related questions about UGMA.



Usury

Charging an illegally high interest rate on a loan. See related question about Usury.

Usury Rates

The maximum rate of interest lenders may charge borrowers. The usury rate is generally set by State law. See related question about Usury.

V

Variable Rate

Any interest rate or dividend that changes on a periodic basis.

W

Wire Transfer

A transfer of funds from one point to another by wire or network such the Federal Reserve Wire Network (also known as FedWire). See related questions about Wire Transfers.

X

Y

Z