

## Banking Terms

**Amortization:** The paying off of debt with a fixed repayment schedule in regular installments over a period of time. Consumers are most likely to encounter amortization with a mortgage or car loan.

**Annual Percentage Rate (APR):** The annual rate that is charged for borrowing (or made by investing), expressed as a single percentage number that represents the actual yearly cost of funds over the term of a loan. This includes any fees or additional costs associated with the transaction

**Appraisal:** A valuation of property (ie. real estate, a business, an antique) by the estimate of an authorized person. In order to be a valid appraisal, the authorized person will have a designation from a regulatory body governing the jurisdiction the appraiser operates within.

**Closing Costs:** The expenses, over and above the price of the property that buyers and sellers normally incur to complete a real estate transaction. Costs incurred include loan origination fees, discount points, appraisal fees, title searches, title insurance, surveys, taxes, deed-recording fees and credit report charges.

**Collateral:** Property or other assets that a borrower offers a lender to secure a loan.

**Co-signer:** The act of signing for another person's debt which involves a legal obligation made by the cosigner to make payment on the other person's debt should that person default. Having a cosigner is way for individuals with a low income or limited credit history to obtain financing.

**Direct Deposit:** The electronic transfer of funds directly into a customer's account. For example, an employer could direct deposit a paycheck into their employee's checking account.

**Down Payment:** Electronic funds that are deposited directly into your bank account rather than through a paper check. Common uses of a direct deposit include income tax refunds and pay checks.

**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.

**Home Equity Loan:** A residential loan secured by a second mortgage, allowing home owners to borrow against their equity in the home. The loan is based on the difference between the homeowner's equity and the home's current market value.

**Interest Rate:** The amount charged by a lender to borrow funds, paid for over time, typically noted on an annual basis, known as the Annual Percentage Rate (APR).

**Individual Retirement Account (IRA):** An investing tool used by individuals to earn and earmark funds for retirement savings..

**Popmoney (Person to Person Payment):** Allows customers to send money to other people from their mobile device or Online Bill Pay with just an email address or mobile number. Recipients will receive an email or text message with instructions to provide their personal and bank information in order to collect funds.

**Principal:** The amount borrowed or the amount still owed on a loan, separate from interest

**Refinancing:** To finance something again, typically changing a loan's terms and interest rate.