

GLOSSARY OF TERMS

Amortization Schedule – a table detailing each monthly payment of a loan, showing how much of the payment goes towards interest and principal, and how soon the loan will be paid off.

Appraisal - a written evaluation of the market value of property performed by an individual certified and licensed to perform such evaluations. An appraisal will provide a market evaluation of the selected property, estimating how much the property is worth, either using a cost approach or a sales comparison approach. While replacement cost may be important for insurance purposes, market value is important for loan purposes.

Deed of Trust or Mortgage - a written instrument, filed with a local government office, legally conveying a security interest in real property to a lender to serve as collateral for a loan evidenced by an obligation included in a mortgage or promissory note. Such serves as a “lien” on the real property until the obligation is paid in full.

Giving Unit - represents a family unit of charitable givers who all live under one roof. A husband, wife, and children may all give separately to a church. However, if they are a part of the same household, they would be considered as ONE “giving unit.”

Guaranty - a collateral agreement where one entity agrees to answer for the debt of another in case that person defaults by failing to make payments on a regular basis or by violating other terms of the promissory note or deed of trust/mortgage. A guaranty agreement does not suggest that the guarantor will help collect from the one who is delinquent but will instead make the harmed party whole by bring the delinquency current.

Mortgagee – a person or entity (in this case the Church Loan Fund) who accepts a mortgage as legal evidence of the obligation that is owed by the mortgagor.

Mortgagor – a person or entity (in this case the local church) who offers their real property as security for the debt for the repayment of the loan they have received from the mortgagee.

Property Lien – a security interest (legal right), granted by the owner of real property, in the property to secure the payment of a debt owed by the owner of the property.

Warranty (or Grant) Deed – a written and executed legal document, filed in a local government office, that fully and completely conveys the seller interest in real property to the buyer.

