



## Glossary of Reverse Mortgage & Elder Care Terms

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**203-B Limit** - The dollar limit in each county for how much of a home's value can be used to determine the amount of money you can get from a federally insured HECM reverse mortgage; the name comes from Section 203-B of the National Housing Act.

**Acceleration Clause** - The part of a contract that says when a loan may be declared due and payable.

**Acknowledgement** - A formal declaration made before an authorized official (usually a notary public), by the person who has executed (signed) a document, that such execution in his/her own act and deed. In most instances a document must be acknowledged (notarized) before it can be accepted for recording.

**Acute Care** - The care provided for a medical condition from which a patient is expected to recover and resume a "normal" lifestyle, even though it may not be the same as before the onset of the condition. Recovered patients usually do not require the assistance of another person in performing their normal activities of daily living. Medicare covers most acute care for patient's age 65 and older.

**Adjustable Rate** - An interest rate that changes, based on changes in a published market-rate index.

**Adult Day Care** - Community-based care designed to meet the needs of functionally and/or cognitively impaired adults who, for their own safety and well being, can no longer be left at home alone during the day. Adult day care facilities such as senior or community centers offer protected settings, which are normally open weekdays during business hours and include a mixture of health, social and support services. Specialized programs for individuals with Alzheimer's disease or related disorders also exist. Some facilities offer a wide range of therapeutic and rehabilitative activities as well as social activities, meals and transportation.

**Affidavit** - A sworn statement in writing, made before an authorized official.

**A.L.T.A.** - Abbreviation for the American Land Title Association.

**Alzheimer's Disease** - A progressive, degenerative form of dementia that affects brain functions, causing loss of short-term memory, the ability to reason, the ability to care for oneself and deterioration of language skills. While Alzheimer's is currently not curable, several new medications can slow the rate of degeneration for many people.

**Amortization** - The process by which a loan balance decreases over time as principal payments are made.

**Annuitant** - The person entitled to receive an annuity.

**Annuity** - A series of payments made periodically for a specific period of time. The payment amounts can be variable from payment-to-payment or fixed amounts. Many insurance companies sell a wide variety of annuity policies/contracts with payments that begin immediately upon purchase of the contract or are deferred until some time in the future. Some annuity contracts waive their surrender charges (early withdrawal penalties) in the event of a lengthy hospital stay, nursing home confinement, or terminal illness.

**Appreciation** - An Increase in home's value.

**Appraisal** - An estimate of how much a house would sell for if it were sold; also called its market value.



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**Area Agency on Aging (AAA)** – A nationwide network of State and local programs that help older people plan and care for their life-long needs. Services include information and referral for in-home services, counseling, legal services, adult day care, skilled nursing care/therapy, transportation, personal care, respite care, nutrition and meals.

**Assisted Living Facilities (ALF)** – A residential living arrangement that provides meals, housekeeping, transportation, individualized personal care and health services for people who require assistance with activities of daily living. The types and sizes of facilities vary from a small home to a large apartment-style complex; individual units range from single rooms to multi-bedroom apartments. They also vary in the levels of care and services that can be provided. Assisted living facilities offer a way to maintain a relatively independent lifestyle and more privacy for people who don't need the level of care provided by nursing homes. In most cases, assisted living residents pay a regular monthly rent for room and board, plus additional fees for the services they receive.

**Assistive Equipment** – A range of products and technology designed to help elders or people with disabilities lead more independent lives. Examples include special telephones for people with hearing impairments, walking aids, elevated toilet seats, communication devices, etc.

**Beneficiary** – A person who is entitled to receive the benefits or proceeds of a will, trust, insurance policy, retirement plan, annuity or other contract. Someone covered by Medicare is also called a Beneficiary.

**Benefit Period** – The number of years an insurance policy will provide benefits. Many long-term care insurance policies offer buyers a choice of between three and five years; some offer lifetime benefits.

**Benefits** – Monetary sums paid or payable to a person insured under an insurance policy, or to someone else, such as a health care provider, to whom the insured person has assigned the benefits.

**Board and Care Home** – A small to medium-sized group residence that provides residents with a private or shared room and meals. These homes offer some assistance with activities of daily living, but not skilled nursing.

**Borrower** – One who borrows funds, with the express or implied intention of repaying the loan in full, or giving the equivalent.

**Cap** – A limit on the amount an adjustable interest rate may go up or down during a specified time period.

**Caregiver** – An adult (typically a family member or friend) who provides unpaid assistance to another adult who can no longer independently attend to his or her personal needs and/or perform his or her normal activities of daily living.

**Care Manager** – A health care professional, typically a nurse or social worker, which arranges, monitors or coordinates long-term care services (also referred to as a care coordinator or case manager). A care manager may also assess a patient's needs and develop a plan of care, subject to approval by the patient's physician.

**Cash Surrender Value** – The amount of money you may be entitled to receive from the insurance company when you terminate a life insurance or annuity policy. The amount of cash value will be determined as stated in the policy.

**CC&R's** – Covenants, Conditions and Restrictions. A document that controls the use, requirements and restrictions of a property.



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**Certified** – A long-term care facility, home health agency, or hospice agency that meets the requirements imposed by Medicare and Medicaid is said to be certified. Being certified is not the same as being accredited. Medicare, Medicaid and some long-term care insurance policies only cover care in a certified facility or provided by a certified agency.

**Certified Nursing Assistant** – Are trained and certified to help nurses by providing non-medical assistance to patients, such as help with eating, cleaning and dressing.

**Chronically Ill Individual** – According to federal law, a person who, within the preceding 12-month period, has been certified by a licensed health care practitioner as:

- being unable to perform, without substantial assistance from an other person, at least two activities of daily living for a period of at least ninety consecutive days due to loss of functional capacity; or
- requiring substantial supervision to protect such as a person from threats to health and safety due to severe cognitive impairment.

**Chronic Illness or Condition** - An illness or other condition with one or more of the following characteristics: permanency, residual disability, requires rehabilitation training, or requires a long period of supervision, observation, or care. Typically, it is a disease or condition that lasts over a long period of time and can not be cured; it is often associated with disability.

**Closing Statement** – The financial disclosure statement that accounts for all of the funds received and disbursed at closing.

**Cloud on Title** – An invalid encumbrance on real property, which, if valid, would affect the rights of the owner.

**Codicil** – A written amendment to a will.

**Cognitive Impairment** – Deterioration of intellectual ability, such as disorientation as to people, places or time; impairment or short-term or long-term memory; and/or impairment of one's ability to reason; that has progressed to the extent that a person requires substantial supervision by another person. Cognitive impairment includes Alzheimer's disease and senile dementia. The existence of cognitive impairment is determined by clinical evidence and standardized test that reliably measure the person's impairment.

**Community-Based Services** – Services designed to help older people live independently in their own homes, such as adult day care and senior centers.

**Companionship Services** – Companions visit isolated and homebound elders for conversation, reading and light errands. May also be termed "friendly visitor" services.

**Condemnation** – A court action saying a property is unfit for use; also, the government taking private property to use for the public by the right of eminent domain.

**Condominium** – A form of real estate ownership. The owner receives title to a particular unit and has a proportionate interest in a certain common area. The unit itself is generally a separately owned space whose interior surfaces (walls, floors, & ceilings) serve as its boundaries.

**Congregate Meal Programs** – Nutritional programs that provide lunches for older adults Monday through Friday in senior centers, community centers and schools.



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**Conservator** – Someone appointed by a court to assume responsibility for a child, or for an adult who is not capable of managing his or her own affairs.

**Continuing Care Retirement Community (CCRC)** – A retirement community that offers a broad range of services and levels of care based on what each resident needs over time. Sometimes called “life care”, it can range from independent living in a apartment to assisted living to full-time care in a nursing home. Residents move from one setting to another based on their needs. Care in CCRCs can be expensive, with a large payment often required before moving in, and monthly fees thereafter.

**Credit Line** – A credit account that lets a borrower decide when to take money out and also how much to take out; also know as a “line-of-credit.”

**Current Interest Rate** – In the HECM program, the interest rate currently being charged on a loan; it equals the one-year for U.S. Treasury Securities, plus a margin.

**Custodial Care (Personal Care)** – Care to help individuals meet personal needs such as bathing, dressing, eating and other non-medical care that most people do themselves, such as using eye drops. Someone without professional training may provide this type of care. Medicare does not pay for custodial care and Medicaid pays very little.

**Deed** – Written instrument by which the ownership of land is transferred from one person to another.

**Deed of Trust** – Written instrument by which the ownership of land is transferred from one person to another.

**Deferred Payment Loans (DPLs)** – Reverse Mortgages that give you a lump sum of cash to repair or improve a home; usually offered by state or local governments.

**Demand** – A statement prepared by a lender stating what the exact amount is to pay the loan in full; also know as a “Payoff Statement”.

**Dementia** - Deterioration of intellectual abilities (e.g. vocabulary, abstract thinking, judgment, memory loss, physical coordination), the loss of which interferes with daily activities. Dementia can be caused by degenerative diseases (e.g. Alzheimer’s, Huntington’s and Parkinson’s diseases), vascular diseases or stroke, metabolic disorders (thyroid, liver, kidney dysfunction and certain vitamin deficiencies), AIDS, drugs and alcohol, and psychiatric disorders. Some dementias may respond to treatments, others do not.

**Depreciation** – A decrease in the value of a home.

**Depression** – This is one of the most undiagnosed conditions among seniors. But, with proper medical care, depression is a reversible psychiatric condition. Symptoms include a persistent sad, anxious or “empty” mood, loss of interest or pleasure in activities once enjoyed, and difficulty sleeping.

**Discharge Planner** – A social worker or other health care professional who assists hospital patients and their families in transitioning from the hospital to another level of care such as rehabilitation in a skilled nursing facility, home health care in the patient’s home , or long-term care in a nursing home.

**Documentary Transfer Tax** – A state tax on the sale of real property, based on the sale price.

**Domicile** – A person’s permanent legal residence for tax purposes; typically, this is also the address where the person maintains his or her voter’s registration.



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**Durable Medical Equipment** – Medical equipment that is ordered by a doctor for use in the home. These items, such as walkers, wheelchairs, and hospital beds, must be reusable. Durable medical equipment is paid for under Medicare, subject to a 20% coinsurance of the Medicare-approved amount.

**Easement** – Right to use the land of another for a specific purpose, such as a right of way or utilities.

**Elder Abuse** – Can be defined in a variety of ways, including physical, sexual, emotional, financial, fraud, neglect, abandonment, and self-neglect. Most often it is defined as an action taken by someone who is trusted by an elder that causes harm.

**Elder Care** – A wide range of services provided at home, in the community and in residential care facilities, including assisted living facilities and nursing homes. It includes health-related services such as rehabilitative therapies, skilled nursing and palliative care, as well as supervision and a wide range of supportive personal care and social services. Typically, elder care is provided over an extended period of time to people who need another person's assistance to perform normal activities of daily living because of cognitive impairment or loss of muscular strength or control. Regardless of where it is provided, most elder care is custodial care, the type of care that is not paid for by Medicare.

**Eldercare Locator (1-800-677-1116)** – Developed by the U.S. Administration on Aging, the Eldercare Locator is a free service. It helps older people and their caregivers find state and local support to help them live independently and safely in their homes and communities for as long as possible. Look for the resources you need by following the directions on their website.

**Eminent Domain** – The right of a government to take private property for public use; for example, taking private land to build a highway.

**Encumbrance** – A claim, lien, charge, or liability attached to and binding real property. Any right to, or interest in, land which may exist in one other than the owner, but which will not prevent the transfer of fee title.

**Escrow** – An impartial third party carrying out the mutual instructions of the lender and borrower(s) and assuming responsibility for handling all of the paperwork and distribution of funds.

**Estate** – All of a person's assets and debts at the time of his or her death.

**Estate Tax** – A tax levied on a person's estate after that person's death.

**Excel Spreadsheet** – Used for mail merges and form letters, also contains all information available on each property from the farm tool (including but not limited to assessment information, loan information, vesting, address, and phone if available). This information may be sent via CD or Email.

**Exclusion** – A health condition, situation, item, service or expense that an insurance policy does not cover. Medicare excludes coverage for most prescription drugs, long-term care, and custodial care in a nursing or private home.

**Executor** – Someone, such as a trustee or guardian, who holds the assets of another person, often with the legal authority and duty to make decisions regarding financial matters on behalf of the other party.

**Expected Interest Rate** – In the HECM program, the interest rate used to determine a borrower's loan advance amounts; it equals the 10-year rate for U.S. Treasury Securities, plus a margin.



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**Fannie Mae** – A private company that buys and sells mortgages; a government-sponsored business that is monitored by the federal government.

**Farm Package** – A listing of marketing leads provided to mortgage brokers and lenders for the purpose of mailing or cold calling. These leads can be obtained in several formats.

**Farm Report** – A report in hardcopy that the broker or lender can use as a reference when calling or receiving responses back from his mailers. There are various options as to how much information is displayed for each record shown on the report.

**Fastweb** – An online tool used for pulling property profiles, sales comparables, and history reports. Coverage can be limited in certain states. Please contact your account manager for coverage in your area or to get an account.

**Federal Housing Administration (FHA)** – The part of the U.S. Department of Housing and Urban Development (HUD) that insures HECM loans.

**Federally Insured Reverse Mortgage** – A reverse mortgage guaranteed by the federal government also known as , a Home Equity Conversion Mortgage (HECM).

**Fee Simple** – An estate in which the owner has unrestricted power to dispose of the property as he wishes, including leaving by will or inheritance. It is the greatest interest a person can have in real estate.

**Fixed Monthly Loan Advances** – Payments of the same amount that are made to a borrower each month.

**Forward Mortgage** – Any real estate mortgage that isn't a Reverse Mortgage.

**Geriatric Care Manager** -- A professional who specializes in helping older people and their families with long-term care arrangements. GCMs often have training in gerontology, social work, nursing or counseling. They also have extensive knowledge about the cost , quality and availability of services in an older person's community.

**Geriatrician** – A physician who specializes in the care of the elderly, primarily those who are frail and have complex medical and social problems.

**Grant** – A transfer of real property.

**Grantee** – The person whom a grant is made.

**Grantor** – The person who makes the grant.

**Hands-On Assistance** – Physical assistance without which an individual would not be able to perform an activity of daily living.

**Health Maintenance Organization (HMO)** – For most people age 65 and older, a type of Medicare managed care plan where a group of doctors, hospitals and other health care providers agree to give health care to Medicare beneficiaries for a set amount of money from Medicare every month. In an HMO, you usually must get all of your care from the providers that are part of the plan; if you use providers that are outside your HMO plan, you will pay for their services out of your own pocket.



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**Heir** – Someone who inherits assets from an estate of another person who has died. The heir does not have to pay income tax on the value of the inheritance received.

**Home Equity** – The value of a home, subtracting any money owed on it.

**Home Equity Conversion** – Turning home equity into cash without having to leave your home or make regular loan repayments.

**Home Equity Conversion Mortgage (HECM)**—The only reverse mortgage program insured by the Federal Housing Administration, a federal government agency.

**Home Health Aides** – Individuals who provide non-medical health care to people at home. Training or certification requirements vary from state-to-state, but typical services include assistance with activities of daily living, managing medications and some household tasks. In some states, only licensed home health aides can provide hands-on assistance.

**Home Health Care (Home Care)** – Supportive services in the home ranging from skilled nursing care and occupational. Physical, respiratory and speech therapy... to assistance with activities of daily living and housekeeping. This support allows many elderly people to remain in their own homes.

**Homemaker Services** – Household services done by someone other than yourself because you are unable to do them. These services can include shopping, laundry, light cleaning, meal preparation and transportation assistance. Homemakers cannot provide hands-on care in most states.

**Hospice Care** – Continuous care provided for a terminally ill person, and his or her family, during the final stages of life. (A terminally ill person has a life expectancy of six months or less.) Hospice care can be provided at home, in a facility with a homelike setting, a hospital or nursing home. The care includes physical care, counseling and support services, but does not attempt to cure any illness.

**Impound Account** – Funds retained by a lender to cover such items as taxes and hazard insurance premiums.

**Independent Living Communities** – Often referred to as Retirement Communities, congregate living or Senior Apartments, are designed for seniors who are able to live on their own, but desire the security and conveniences of community living. Some Independent Living Communities offer abundant recreational activities, which may include swimming pool/spas, exercise facilities, Clubhouse/Lounge and Library/Reading Lounges. Communities may also provide laundry facilities, linen service, meals or access to meals, local transportation, and planned social activities. Health care is not provided with your normal fees, but many communities will allow residents to pay for a home health aide or nurse to come into their apartment to assist with medicine and personal care.

**In-Home Care** – See Home Health Care.

**Inheritance Tax** – A tax that is levied by a state or local government upon those who inherit property; paid by the recipient.

**Initial Interest Rate** – In the HECM program, the interest rate that is first charged on the loan beginning at closing; it equals the one-year rate for U.S. Treasury Securities, plus a margin.

**Instrumental Activities of Daily Living (IADLs)** – A measure of independent functioning often used as assessment. IADLs include ability to shop, prepare meals, manage money, and perform housekeeping duties.



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**Inter Vivos Trust** – A revocable trust created during someone's lifetime to hold assets during that person's lifetime, thereby removing those assets from probate at death; also called a living trust.

**Intestate** - Dying without a legal will.

**Irrevocable Trust** – A trust that, once executed, cannot be revoked or changed without the consent of the beneficiary.

**Joint Tenancy** – An equal undivided ownership of the property by two or more persons. Upon death of an owner, the survivors take the decedent's interest in the property.

**Lease** – An agreement by which an owner of real property gives the right of possession to another for a specific period of time and for a specified consideration (rent). Title does not pass.

**Leftover Equity** – The sales price of the home minus the total amount owed on it and the cost of selling it; the amount the homeowner or heirs get when the house is sold.

**Legal Aid/Elder Law** – Legal assistance offered to either low income persons through a legal aid program or privately through a lawyer who specializes in elder law issues such as wills, estate planning, health care issues, evictions and Medicaid denials and appeals.

**Legal Description** – A method of geographically identifying a parcel of land, which is acceptable in a court of law. A description of a parcel of land sufficient to identify the property such as a lot and tract number.

**Licensed Health Care Practitioner** – A physician (as defined by the Social Security Act) or a registered professional nurse, licensed social worker, or any other health care worker who meets the requirements of the U.S. Treasury Department.

**Lien** – An encumbrance against property for money, either voluntary or involuntary. All liens are encumbrances but all encumbrances are not liens.

**Life Tenancy** – After the owner sells a home, he or she leases it back and receives a written guarantee (life tenancy) that he or she can continue to live in the home for the rest of his or her life. A life tenancy is often arranged with an annuity set up to pay rent.

**Lis Pendens** – A legal notice recorded to show pending litigation relating to real property and giving notice that anyone acquiring an interest in said property subsequent to the date of the notice may be bound by the outcome of the litigation.

**Living trust** – A trust created during someone's lifetime to hold assets during that person's lifetime, thereby removing those assets from probate at a death. A living trust can be either revocable or irrevocable. It avoids probate and therefore gets assets distributed significantly faster than a will. Assets that a person wants to move to a living trust, such as real estate and bank or brokerage accounts, must be retitled so that the trust becomes the owner.

**Living Will** – A legal document in which a person specifies which life-prolonging medical measures he or she does, and does not, want to be taken if he or she becomes terminally ill or incapacitated.

**Loan Advances** – Payments made to a borrower, or to another party on behalf of a borrower.



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**Loan Balance** – The amount owed, including principal and interest; capped in a reverse mortgage by the value of the home when the loan is repaid.

**Long-Term Care** – A variety of services provided over an extended period of time to people who need help to perform normal activities of daily living because of cognitive impairment or loss of muscular strength or control. Care may include rehabilitative therapies, skilled nursing, and palliative care, as well as supervision and a wide range of supportive personal care and social services. It may also include training to help older people adjust to or overcome many of the limitations that often come with aging. Long-term care can be provided at home, in the community, or in various types of facilities, including nursing homes and assisted living facilities. Regardless of where it is provided, most long-term care is custodial care, the type of care that is not paid for by Medicare.

**Long-Term Care Insurance** – An insurance policy that helps pay for some long-term medical and non-medical care, like help with activities of daily living. Because Medicare generally does not pay for long-term care, this type of insurance policy may help pay for long-term care that you may need in the future. Some long-term care insurance policies offer potential tax benefits; these are called “Tax-Qualified Policies”.

**Long-Term Care Ombudsman Program** – Independent, nationwide, federally-funded services that work to resolve problems between residents and assisted living facilities, nursing homes and other residential care facilities.

**Lump Sum** – A single loan advance at closing.

**Mailing Labels** - Title can provide mailing labels for the results of the farm search.

**Margin** – In the HECM program, the amount added to the one-year Treasury rate to determine the initial and current interest rates, and to the 10-year Treasury rate to determine the expected interest rate.

**Maturity** – When a loan must be repaid; when it comes “due and payable”.

**Maximum Claim Amount** – The lesser of the homes value or the FHA county lending limit in which the home is located.

**Meals on Wheels** – Local agencies provide low cost, hot nourishing meals to the elderly and disabled, allowing frail, homebound people to remain in their own homes.

**Mechanics Lien** – A lien created by statute for the purpose of securing priority of payment for the price or value of work performed and materials furnished in construction or repair of improvements to land and which attaches to the land as well as the improvements.

**Medicaid** – A joint federal/state program that pays for health care for individuals and families with low incomes or very high medical bills relative to their income and assets. Coverage and eligibility requirements vary from state-to-state. Medicaid is the primary payer of nursing home care. Some states also offer some home and community-based long-term care services for eligible individuals through their Medicaid programs. These additional services are at the option of the state and not mandated by federal law.

**Medi-Cal** – California’s Medicaid program.



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**Medicare** – The federal program that provides hospital and medical care to people age 65 and older, and to some younger people who are very ill or disabled. Benefits for nursing home and short-term home health services are limited and are generally available only to people while they are recovering from an acute illness. Coverage is restricted to medical care and does not include custodial care at home or in nursing homes.

**Medicare Supplement Insurance** –A private insurance policy that covers many of the gaps in Medicare coverage (also know as Medigap Insurance or Medicare Supplemental Insurance). Except in Minnesota, Massachusetts and Wisconsin there are 12 standardized plans labeled Plan A through Plan J. (Not all insurance companies offer all 12 plans.) Medicare Supplement Insurance policies work only if you are enrolled in the original Medicare Plan. But, they won't pay any benefits if you are enrolled in a Medicare HMO or another type of Medicare Plus plan. Medicare Supplement policies can minimize Medicare co-payments and deductibles for covered services, but generally do not offer expanded coverage such as long-term care services or prescription drugs.

**Medigap** – See Medicare Supplement Insurance.

**Mortgage** – A legal document making a home available to a lender to repay a debt.

**Mortgage Insurance** – Insurance written by an independent mortgage insurance company protecting the mortgage lender against loss incurred by a mortgage default, thus enabling the lender to lend a higher percentage of the sale price. The Federal government writes this form of insurance through the FHA and VA.

**Mortgage Life Insurance** – A type of term life insurance often bought by mortgagors. The coverage decreases as the mortgage balance declines. If the borrower dies while the policy is in force, the debt is automatically covered by insurance proceeds.

**National Institute on Aging** – One of the federally funded National Institutes of Health, NIA is the principal biomedical research agency of the United States Government focusing on health and aging. The NIA promotes healthy aging by conducting and supporting biomedical, social and behavioral research and public education.

**Negative Amortization** – The process by which a loan balance grows over time due to the accruing interest and fees that are not being regularly paid by the borrower.

**Network** – A group of doctors, hospitals, pharmacies, and other health care professionals hired by a managed health care plan to take care of its members.

**Non-Recourse Mortgage** – A home loan in which the borrower can never owe more than the home's value at the time the loan is repaid.

**Note** – A unilateral agreement containing an express and absolute promise of the signer to pay a named person, order, or bearer, a defined sum of money at a specified date or on demand. Usually provides for interest and concerning real property is secured by a mortgage or trust deed.

**Notice of Default** – A notice filed to show that the borrower under a mortgage or deed of trust is in default.

**NRMLA** – National Reverse Mortgage Lender's Association located in Washington, DC is the national voice for lenders and investors engaged in the reverse mortgage business. They educate consumers and promote reverse mortgage in the media.



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**Nursing Home** – A state-licensed residential facility that provides a room, meals, help with activities of daily living, recreation and general nursing care to people who are chronically ill or unable to take care of their daily living needs. It may also be called a Long Term Care Facility. If it has been certified as such by Medicare, it is also referred to as a Skilled Nursing Facility.

**Occupational Therapist** – A rehabilitation professional who teaches people to compensate for functional limitations as a result of an injury, illness or disability by learning skills and techniques needed to perform activities of daily living and optimize independence.

**Older American Act (OAA)** – A federal legislation dating back to 1965 which established the Federal Administration on Aging which funds certain aging-related services administered by state-level department on aging. The OAA established the Area Agencies on Aging and has provisions covering senior nutrition, housing, in-home care and other services. The OAA must go through Congressional budget reauthorization to ensure funding for new and existing programs.

**Ombudsman Programs** – See Long-Term Care Ombudsman Programs.

**Origination** – The process of setting up a mortgage, including preparing documents.

**Paratransit Services** – Specialized transportation, such as a wheelchair accessible van, for seniors and other people with disabilities. These services may offer transportation to senior centers, medical care, shopping malls, or specific appointments.

**Personal Emergency Response System** – In case of a fall or other medical emergency, this electronic device enables the user to contact help 24-hours-a-day simply by pressing a button. A number of private companies offer these systems.

**Personal Property** – Moveable property: all property which is not real property. Property consisting of chattels as contrast to real estate; e.g. furniture, car, clothing.

**PITI** – Principle, Interest, Taxes and Insurance.

**Plan of Care** – The written plan that describes the services and care you need for your health problem. Your plan of care must be prepared or approved by your doctor.

**Planned Unit Development (PUD)** – A zoning designation for property developed at the same or slightly greater overall density that conventional development, sometimes with improvements clustered between open, common areas. Uses may be residential, commercial or industrial.

**Point-of-Service Plan (POS)** – A type of managed care plan that combines aspects of health maintenance organizations and preferred provider organizations. POS offers the option of going to a network healthcare provider and paying a flat fee, or to an out-of-network provider and paying a deductible and/or a coinsurance charge. POS Plans are not currently available to Medicare beneficiaries.

**Pour-Over** – A provision in a person's will stating that certain assets are to be transferred (poured over) to a trust upon the death of that person.



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**Power of Attorney (POA)** – A written legal document in which one person (the principal) appoints another person to manage the principle's financial affairs. Even though the intent is that the power of attorney will not take effect until the principal becomes unable to handle his or her own affairs, it actually takes effect on the date it is signed, unless otherwise specified. And, unless otherwise specified, the durable financial power of attorney applies only to assets owned directly by the principal, and not to any assets transferred into a trust by the principle. Unlike an ordinary power of attorney, a durable power of attorney remains in effect even after the principal can no longer manage his or her own affairs.

**Power of Attorney for Health Care** – A written legal document in which one person (the principal) appoints another person to make health care decisions on behalf of the principal in the event the principal becomes incapacitated (the document defines incapacitation). This instrument can contain instructions about specific medical treatment that should be applied or withheld. While its purpose remains essentially the same from state-to-state, the name of this document can vary; for example, in Florida it is called an Appointment of Health Care Surrogate.

**Preferred Provider Organization (PPO)** – Another type of managed care plan. Members have a choice of utilizing healthcare providers in the PPO network, or hospitals, doctors, and other healthcare professionals outside the plan for an additional cost. Beginning in 2003, PPO Plans are available to Medicare beneficiaries in 23 states.

**Preliminary Title Reports** – A report showing the conditions of title before a loan transaction. After completion of the transaction, a title insurance policy is issued.

**Pre-Payment Penalty** – A fee charged to a mortgagor who pays a loan before it is due.

**Primary Caregiver** – The person, usually the spouse or adult child, who takes on the primary day-to-day responsibility of caring for the physical, psychological and social needs of another person.

**Primary Care Physician** – A doctor trained to give you basic care. Your primary care doctor is the one you see first for most health problems. He or she makes sure you get the care you need to stay healthy. He or she also may talk with other more specialized doctors and healthcare providers and refer you to them. In many Medicare managed care plans, you must see your primary care doctor before you see other healthcare providers.

**Principal Balance** – The amount owed; the sum of all loan advances, accrued interest, MIP and all fees, capped in the reverse mortgage by the value of the home when the loan is repaid.

**Principal Limit** – The initial loan amount of a reverse mortgage, which grows over time at the same rate as which the loan balances accrue interest and MIP; calculated by using the age of the youngest borrower, current interest rates and the maximum claim amount.

**Private Mortgage Insurance (PMI)** – Insurance written by a private company protecting the lender against loss if the borrower defaults on the mortgage.

**Probate** – The process by which an executor (if there is a will), or a court-appointed administrator (if there is no will), manages and distributes a decedent's property to the heirs or beneficiaries.

**Promissory Note** – A written promise to pay to some person named, and at a time specified therein, or on demand, or at sight, a certain sum of money, absolutely and at all events.



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**Property Profile** – Displays vesting, transfer date, legal description, APN, and assessment (year built, bedroom/bathroom count, lot size, square footage of the structure on the lot, land use, zoning, etc.) as available.

**Property Tax Postponement** – The State pays county property taxes for eligible claimants. Postponement claimants have to file and qualify each year that they wish to participate. The amount postponed is secured by a lien recorded or secured against the property. Repayment, along with accruing interest, is deferred until a future date.

**Proprietary Reverse Mortgages** – A reverse mortgage product owned by a private company.

**Provider** – A properly-licensed doctor, health care professional, hospital, or other health care facility, including a home health agency, that provides health care or related social services.

**Quitclaim Deed** – A deed operating as a release: intended to pass any title, interest, or claim which the grantor may have in the property, but not containing any warranty of a valid interest or title in the grantor.

**Real Property** – Land and buildings as opposed to personal property or chattels.

**Reconveyance** – An instrument used to transfer title from a trustee to the equitable owner of real estate, when title is held as collateral security for a debt. Most commonly used upon payment in full of a trust deed. Also called a deed of reconveyance or release.

**Recordation** – Filing for record in the office of the county recorder.

**Rescind** – When the insurance company voids (cancels) a policy retroactive to its effective date. Legally, it is though the policy was never issued.

**Residential Care Facility** – A generic term or group home, specialized apartment complex or other institution that provides care services where individuals live. The term is used to refer to a range of residential care options including assisted living facilities, board and care homes and skilled nursing facilities.

**Respite Care** – Temporary or periodic care provided by a third party for people with disabilities, illnesses, dementia or other health problems while their usual caregivers take an occasional break from their care giving responsibilities. Respite care can be provided at home, in the community (e.g., adult day care centers or special respite programs) or overnight in a facility such as a nursing home or assisted living residence.

**Reverse Annuity Mortgage** – A reverse mortgage product owned by a private company.

**Reverse Mortgages** – Enables older homeowners 62 and older to convert part of the equity in their home into tax-free income without having to sell the home, give up title, or take on a new monthly mortgage payment. The reverse mortgage is aptly named because the payment stream is “reversed”. Instead of making monthly payments to a lender, as with a regular mortgage, a lender makes payments to you.

**Revocable Trust** – A trust in which a Grantor reserves the right to revoke or change. To protect the final wishes of the Grantor, a trust can become irrevocable upon the death of the Grantor.

**Right of Rescission** – A borrower’s right to cancel a home loan within three business days of signing the final loan documents.



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**Right of Survivorship** – The right of a survivor of a deceased person to the property of said deceased. A distinguishing characteristic of a joint tenancy relationship.

**RMC** – Reverse Mortgage Councilor; Loan Officer

**RMS** – Reverse Mortgage Specialist; Loan Officer

**Sales Comparables** – Also known as comps, this report gives an approximate home value for a target property by locating similar properties in close proximity to your target that have recently sold. There are several different variables in a sales comparable search that can be adjusted. Please contact your client services department if you are having difficulty getting good comps.

**Senior Center** – Community-based programs that provide a variety of services that can include social activities, nutrition, and educational and recreation opportunities for older adults.

**Servicing** – Administering a loan after closing, such as maintaining loan records and sending statements.

**Shared Equity** – An itemized loan cost based on a percent of a home's value at loan maturity; for example, a 5% shared equity fee on a home worth \$200,000 at maturity would be \$10,000.

**Skilled Care** – Daily nursing and rehabilitative care that can be performed only by, or under the supervision of, skilled medical personnel. This care is usually needed 24 hours a day, must be ordered by a physician, and must follow a plan of care. Individuals usually get skilled care in a nursing home but may also receive it in other places.

**Skilled Nursing Care** – Skilled care that must be given or supervised by Registered Nurses. Examples of skilled nursing care are intravenous injections, tube feeding, and changing sterile dressings on a wound. Any service that could be safely done by an average non-medical person without the supervision of a Registered Nurse is not considered skilled care.

**Skilled Nursing Facility (SNF)** – A nursing facility (in most cases, a nursing home; sometimes a special unit inside a hospital) that has been certified by Medicare, with the staff and equipment to give skilled nursing care and/or skilled rehabilitation services and other related health services.

**Social Services** – A government mandated service for low-income persons of all ages. Programs may be funded federally or through the state or county. Services may provide income, Medicaid benefits, assistance with food, emergency housing, heat and home care depending on eligibility. Eligibility criteria varies greatly according to each program. Application for different programs are usually conducted in the state or county in which the older adult resides.

**Spend Down** – A requirement that an individual use up most of his or her income and assets to meet Medicaid eligibility requirements.

**State Health Insurance Assistance Program (SHIP)** – Federally funded program to provide counseling to seniors regarding their insurance needs.

**Statement of Identity** – Also called Statement of Information, a confidential form filled out by the borrower to help a title company determine if any liens are recorded against either borrower. Very helpful when people with common names are involved.



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**Sub-Acute Care** – Typically following a stay in a hospital, this is maintenance care for serious medical conditions that are not urgent or life threatening. Hospitals typically do not provide sub-acute care on an ongoing basis. Sub-acute care may include long-term ventilator care or other procedures provided on a routine basis either at home or by trained staff at a skilled nursing facility.

**Supplemental Security Income (SSI)** – A federal monthly income program for low-income persons who are aged 65 and older, blind, or disabled.

**Tax Lien** – a lien imposed on property by law to secure payment of taxes. Tax liens may be imposed for delinquent taxes owed on real property or personal property, or as a result of failure to pay income taxes or other taxes.

**T-Bill Rate** – The rate for U.S. Treasury securities; used to determine the initial, expected, and current interest rates for the HECM program.

**Telephone Reassurance** – Calls made by agencies or volunteers to an elderly person to check up on them and offer reassurance, contact, and socialization. The calls are typically made at a predetermined time each day.

**Tenancy in Common** – A type of joint ownership of property by two or more persons with no right of survivorship.

**Tenure Advances** – Fixed monthly loan advances for as long as a borrower lives in a home.

**Ten-Year Treasury Rate** – The interest rate on the Ten-year Treasury Note; used to determine the expected interest rate that is used to calculate the Principal amount.

**Term Advances** – Fixed monthly loan advances for a specific period of time.

**Term Life Insurance** – Covers a person for a period of one or more years. It pays a death benefit only if you die during that term. It generally does not build a cash value.

**Testate** – Dying with a legally valid will.

**Testator** – The person who makes a will.

**Trust** – A legal arrangement in which an individual (the trustor) gives fiduciary control of property to a person or institution (the trustee) for the benefit of one or more beneficiaries.

**Trustee** – An individual or organization designated in a trust document to manage the assets held in the trust for the benefit of the trust's beneficiary or beneficiaries.

**Trustor** – The person who creates a trust; also called a Grantor.

**TTY**- A text telephone system that allows a hearing-impaired user to type messages to another person and read responses on a small screen. Similar to today's text messaging, a "read only" conversation can exist between two people who each use TTY equipment. Otherwise, a non-hearing-impaired caller can use a relay service where a special operator acts as a go-between to translate the speaker's words into text and text print into voice communication.

**Uninsured Reverse Mortgage** – A reverse mortgage that becomes due and payable on a specific date.



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**Webtrack** – Trusted Reverse Transactions' online ordering and tracking website designed for clients to place orders and track file events 24/7.

**Whole Life Insurance** – Policies that build a cash value and cover a person for as long as he or she lives if premiums continue to be paid.

**Will** – A written document through which a person disposes of property after death.