

**APR- Annual Percentage Rate.** Described as a number (9.99%APR), it identifies the interest rate being charge on loans, credit cards or lines of credit. It can also describe the amount of interest being earned.

**Application:** Under the Equal Credit Opportunity Act (ECOA), an oral or written request for a loan that is made in accordance with the procedures established by the financial institution for the type of loan requested.

**Appraisal:** An independent evaluation of your home or business to establish a value for a specific period of time.

**Automatic Bill Payment:** An automated system generally found in home banking where an account holder has the ability to pay recurring bills or make one time payments.

**Available Balance:** The balance of an account, less any merchant holds from pending debit card transactions, uncollected funds, or other restrictions against the account.

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

**Budget -** a listing of planned income, expenses, and savings for a given period.

**CD-\*A certificate issued by a bank to a person depositing money for a specified length of time. Usually has a higher interest rate than regular savings accounts, but there is a penalty for withdrawing the money before the CD has reached matured (reached the agreed upon amount of time.**

**Collateral-** Item used by a borrower to secure repayment of a loan. If the loan is not paid, the item used as collateral will become the property of the creditor as payment.

**Co-Maker:** A person who signs a loan note made with another person and is jointly liable with the maker for repayment of the loan. (Can be interchangeable with co-signer.)

**Credit -** a lending term used when a customer purchases a good or service with an agreement to pay at a later date (e.g. an account with a supplier, a store credit card or a bank credit card).

**Credit limit -** a dollar amount that cannot be exceeded on a credit card or the maximum lending amount offered for a loan.

**Credit Report:** A detailed report of an individual's credit history prepared by a credit reporting agency and used by a financial institution in determining a loan applicant's creditworthiness.

**Credit Score:** A number, roughly between 300 and 800, measuring an individual's credit worthiness. The most well-known type of credit score is the FICO® score. This score is derived from a mathematical formula that assigns numerical values to various pieces of information in your credit report. The score of 800 is the best rating you can receive. Financial institutions may use a credit score to help determine whether you qualify for a particular credit card, loan, or service.

**DIRECT DEPOSIT-** Electronically depositing money right into recipient account without issuing a physical check. Typically done by employers where paychecks are deposited into your account without needing to visit the financial institution.

**DEBIT-** Expense. Money is removed directly from an account without using a line of credit

**Debt -** any amount that is owed including bills, loan repayments and income tax.

**Deferred Payment:** A payment postponed until a future date.

**Delinquency:** A debt that was not paid by the loan's payment date.

**EFT- Electronic Fund Transfer.** Term used when money is moved between accounts electronically. This is done online from computers or mobile devices without physically entering a financial institution.

**Fee:** A charge or payment for products and services, a sum paid or charged for a privilege. For example you may be charged a monthly fee to have a Share Draft account, or to receive a monthly paper statement. There are also fees for late payments, overdrafts, and some loan applications.

**Income-** Money received, especially on a regular basis, for work or through investments.

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

**Fixed Rate Loan:** Loans that have a fixed rate of interest. Both the interest rate and the monthly payments (for principal and interest) stay the same during the life of the loan.

**Hold:** Used to indicate that a certain amount of a member's balance may not be withdrawn until an item has been collected, or until a specific check or debit is posted.

**Insufficient Funds:** When a member's checking or share draft account balance is inadequate to pay a check or ACH presented for payment.

**INTEREST-** The amount of money PAID for borrowing or EARNED on specific types of accounts. Interest is Paid on money borrowed using a Loan, Credit Card, Line of Credit or on outstanding bills. Interest is typically Earned on Savings accounts, CDs, Investment accounts and Stocks or Bonds.

**Interest rate -** a percentage used to calculate the cost of borrowing money or the amount you will earn. Rates vary from product to product and generally the higher the risk of the loan, the higher the interest rate. Rates may be fixed or variable.

**Lease -** A contract transferring the use of property or occupancy of land, space, structures, or equipment in consideration of a payment (e.g., rent). You do NOT own the property.

**Liability -** a financial obligation or amount 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.

**Loan -** a finance agreement where a business borrows money from a lender and pays it back in instalments (plus interest) within a specified period of time.

**Outstanding Check:** A check written by a member that has not yet been presented for payment to the financial institution.

**Overdraft facility -** a finance arrangement where a lender allows a business to withdraw more than the balance of an account.

**Overdrawn account -** a credit account that has exceeded its credit limit or a bank account that has had more than the remaining balance withdrawn.

**Payday Loans:** A small-dollar, short-term loan that a borrower promises to repay out of their next paycheck or deposit of funds. Payday loans generally charge high fees and interest.

**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.

**Phishing:** When internet fraudsters impersonate a business in an attempt to trick you into giving out your personal information, such as usernames, passwords, and credit card details. Legitimate businesses do not ask you to send sensitive information through insecure channels.

**Prepayment:** The payment of a debt before it actually becomes due.

**Principal -** the original amount borrowed on a loan or the remainder of the original borrowed amount that is still owing (excluding the interest portion of the amount).

Profit- the money made after accounting for all the expenses

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.

Refinance - when a new loan is taken out to pay off an existing one. Refinancing is often done to extend the original loan over a longer period of time, reduce fees or interest rates, switch banks, or move from a fixed to variable loan.

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.

Rent to buy - is a type of finance arrangement where a good is purchased through an initial deposit and then 'leased' while the good is paid off. Once the good is fully paid the purchaser has the option (but no obligation) to buy the good or continue leasing. Also referred to as Lease to Own or Rent to Own.

Repossess - the process of a bank or other lender taking ownership of property/assets for the purpose of paying off a loan in default.

Stop Payment: An order not to pay a check or share draft that has been issued but not yet cashed. If requested soon enough, the check will not be debited to the payer's account. Most financial institutions charge a fee for this service.

Terms: The conditions of an agreement between a financial institution and consumer. Membership, deposit, and loan agreements contain terms. When discussing loan terms, it includes the period of time a borrower has to repay a loan, and the interest rate the borrower agrees to pay the lender.

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