Instrument: A legal instrument or document, a note, contract, agreement which is in writing.

Kick-Back: Payment of part of finance charge to seller.

Legal Fees: Costs of legal service and documentation necessary to protect the lender (and presumably the borrower) in establishing the validity and security of the loan.

Matured: Fully paid up, fully carried out as to terms agreed upon.

Maturity: The date upon which the balance, if any, of the principal is payable in full.

Merchandise "Add-On": Additional credit grant which is added to a debt the purchaser already owes for previously purchases.

Mortgage: A loan secured by lien upon property.

Mortgage Repayment Plan: Unamortized—wherein no repayments of the principal are required until maturity or payments are flexible as to date and amount. Amortized—wherein repayments of principal are made periodically over the term of the loan.

Negotiable Paper: Includes a bill of exchange, promissory note or other negotiable instrument and is transferable so as to give the transferee all the rights originally created by it, without affecting him with any equities between the original makers of the instrument.

Net Amount: The net cash actually received by the borrower after the deduction of any points or charges.

Nominal Interest Rate: Quoted annual rate which does not take into account compounding during the year.

Open End Credit: See revolving account credit.

Other Fees: Costs of discharges of previous debts, registration of loan, etc.

Periodic Rate: Expresses in percentage terms the ratio of the financial charge to the amount of credit owing for that period.

Points: (1) The number of percentage points the principal amount of the note is discounted.

(2) A sum paid by the borrower in addition to interest as a cost of obtaining the net amount. The bonus may be paid as a separate money transaction or may be included in the principal. It is expressed in percentage points.

Power of Attorney: An instrument authorizing another to act as one's agent or attorney.

Pre computation: A procedure whereby the finance charges that were obtained with the monthly rate applied to the schedule monthly balances is added to the amount to be financed and is in present rated equally so as to be paid in equal instalments..

Present Value: The value of a sum payable in the future, including a calculated accumulation of interest.

Principal: The sum stated to be repayable by the borrower exclusive of interest or the balance of such sum still unpaid at any given time.

Proceeds of a Note: Amount received by borrower.

Repossession: The exercise of the right of a creditor to re-acquire chattels given as security by a debtor or to take possession of property sold under conditional sales contract.

Revolving Account Credit: A form of contract credit which does not specifically except to limit the amount of credit that may be extended: the time or amount of payments. However, the rate of charge is usually specified. This open end credit contract contrasts with closed end credit contract.

Sales Finance Company: Company which buys at discount promissory notes received by retail sellers in payment of merchandise sold and which may or may not engage in direct lending or in floor planning.

Schedule of Payments: An itemization of each time and amount of payment needed to retire the debt. See also amortization schedule.

Secured: Guaranteed as to payment by the pledge of something of value.

Service Charge: See finance charge.

Stated Charge: The published, advertised, mentioned or agreed rate to be charged by notice published, advertised or mentioned.

Step-Rates: Different rates on loans of different size; graduated rates.

Term: The number of periods during which the loan contract continues.

Term: A period of time; in finance, the time from the beginning of a debt to its final payment.

Terms: Essential statements on which the validity of a contract depends.