

A

Amortization

A schedule for loan repayment. These are usually created on a monthly or quarterly basis.

Annual Loan Constant

The ratio of Annual Debt Service to the original principal of the loan.

B

Balloon Loan

A loan that is repaid by a series of small repayments until the remaining balance is due in a single, large payment.

Benefit Corporation (B-Corp)

The nonprofit B Lab certifies B-Corps to meet rigorous transparency, accountability, and social/environmental performance criteria.

Blanket Mortgage

A mortgage in which more than one parcel of land is used as the collateral for a single loan.

Blended Rate

The proportional average rate on multiple loans or securities issued by one entity.

Bridge Financing

A temporary loan used to fill a gap in financing between the availability of permanent funding (or take-out funds) and the immediate need to react quickly and fund the purchase of an asset.

C

Conservation and Natural Resource Banking

Financing in which a property is managed for the protection of its natural resource value. These properties provide conservation credits to serve as offsets for other development projects.

Conservation Donor or Buyer

A private group or individual who purchases a property and later donates a conservation easement or fee interest.

Conservation Easement

A legal agreement between a landowner and a qualified conservation organization that permanently restricts usage rights of the property. This may apply to real estate development, commercial and/or industrial uses.

Conservation and Natural Resource Finance

The practice of raising and managing capital to support land, water, and natural resource conservation.

Conservation Investors

A subset of investors who make investments intended to generate financial returns while also generating a positive return on natural resources or ecosystems.

Corporate Social Responsibility (CSR)

A continuing business commitment to contribute to economic development while improving the quality of life of employees and increasing the well-being of larger communities and society.

D

Debt

(1) A financial obligation to another person or entity; (2) An obligation which is created by borrowing; or (3) The sum of all of the financial obligations of a person or entity.

Debt Financing

Funds that support the purchase of an asset with credit.

Debt Ratio

A ratio used to assess a borrower's ability to repay a loan and their capacity for overall borrowing.

Debt Service

The mandatory cash repayment during a given period of time.

Debt-to-Equity Ratio

A proportion of the amount owed to the lender(s) of an asset to the equity. The equity is the value of the asset minus the amount owed.

E**Ecosystem Services**

The sum of value provided to people from the ecosystem and ecosystem structure. More recently, this definition has also included the ability of an ecosystem to provide goods and services, which has been assigned economic value to help in decision-making processes.

F**First Mortgage**

The mortgage with the highest-priority claim to a piece of property.

Foreclosure

A legal process by which an asset's sale is forced in order to repay the balance on a non-performing loan owed to specific lenders who are holding that asset as collateral.

I**Impact Investing**

Investments that combine financial returns with social and/or environmental benefits.

Installment Sale

A tax-motivated mechanism that spreads the income from a sale over several years, thereby helping to reduce the capital-gains tax.

Interest Payment

The portion of each periodic payment on a loan, expressed in dollars, which is allocated toward interest owed.

Interest Rate

The percentage of the borrowed amount that is charged by a lender on borrowed funds.

Interest-Only Loan

A debt for which the periodic payments are enough to pay only the interest, which accumulates on the principal over the payment period. Principal is due at maturity.

L**Land Banking**

County or municipal quasi-governmental entities that are established to aggregate, manage and repurpose underused, undermanaged, abandoned or foreclosed land parcels.

Lease Back

A transfer of property that includes a right to lease by the former owner.

Loan Guarantee

A legally-enforceable agreement by a third-party to make payment on behalf of the borrower.

M**Mortgage**

A written instrument that creates a lien on a piece of real property as security for payment of debt.

Mortgage Back

See "Seller Financing."

Mortgage Constant

See "Annual Loan Constant."

Municipal and Tax-Exempt Bonding

A debt instrument issued by a state, municipality or county to fund state, municipal or county projects whose proceeds to bondholders (i.e., the interest payments) are exempt from federal, state and/or local taxation.

N

Nonprofit Equity Funds

An early-stage investment in a nonprofit entity that serves as startup capital until that nonprofit's business model can be established. Investments generate a social return on investment from these funds.

Nonrecourse Loan

A loan where the lender cannot seek payment from other assets held by the borrower. The lender may only sell the asset to enforce the loan obligation or recoup its principal.

P

Partial Release Clause

A clause that allows a property owner to pay off a portion of the loan in order to free a portion of the property from the mortgage.

Payment Penalty

The fee paid by a borrower who repays some or all of the principal of a loan at a time prior to when such a payment is allowed under the terms of the loan.

PES

(PES) Payment for Ecosystem Services

PRI

Program-Related Investment

Prime Rate

The lowest rate charged on commercial loans, usually saved for the most credit-worthy clients of the lenders.

Principal and Interest Payment

A blended, periodic payment that is enough to pay off all interest owed and a portion of the originally borrowed amount.

Principal Balance

The amount of money borrowed or still owed on a loan, excluding accumulated interest.

Private Equity Funds

An aggregated amount of investor capital used to purchase an ownership interest in a non-public entity or entities.

Private Philanthropy

Charitable giving given by an individual or organization.

Promissory Note

A legally-binding document representing a promise to pay an agreed-upon sum to a specified person on a specified date or upon demand - a legally enforceable IOU.

R

Recourse Loan

In the event of default, the lender has personal right of action against the borrower. The lender can seek payment from other assets held by the borrower. The lender may sell or take possession of other pledged assets to recoup its loan amount.

Regeneration

Renewal of a tree crop, either by planting or natural seeding.

Repayment Terms

The terms under which a loan will be repaid. This may include the interest rate and the timing of repayment schedule.

Revolving Fund or Revolving Loan Fund

A pool of loans made to individuals or small-businesses which self-funds via the proceeds received from loans within the portfolio.

Right of First Offer

A contractual obligation that requires the seller first offer the asset for sale to the holder of this agreement before pursuing or entertaining third-party bids for the asset.

Right of First Refusal

A contractual obligation that requires the seller first give the holder of this agreement an opportunity to purchase the asset at agreed-upon terms before entering into the same transaction with a third-party.

Rollover Loan

A loan where the lender allows the borrower to continue owing the lender money beyond the maturity date of the loan in return for interest at an agreed-upon rate and on an agreed-upon repayment schedule.

S

Second Mortgage

A mortgage in which in the event of default and sale of the property, the second mortgagee will only be paid if there are sufficient funds left after the payment of the first mortgagee's loan.

Second-Growth Trees

Trees that have been established as seedlings after original old-growth logging.

Secondary Financing

A broad term for a secondary, junior or subordinated loan which stands behind the first, principal or senior loan.

Self-Amortizing Mortgage Loan

A loan which will be paid off by the end of its term so that its term equals its amortization period.

Seller Financing

Funding the purchase of an asset when the seller accepts only a portion of the price upfront and accepts a loan with periodic payments and interest for the remainder. For a mortgage loan, the debt to the seller is registered on the title as a mortgage.

SFI

Sustainable Forestry Initiative

Social Impact

Social impacts are changes that affect communities' income, employment, culture, communication, education, relationships, health, lifestyle and/or well-being.

Social Impact Bond

A contract with the public sector in which the issuer commits to use bond proceeds to fund improved social outcomes that result in public-sector savings.

State Tax Credits

A tax deduction or tax benefit which allows a taxpayer to reduce its taxes.

Substitution of Security

A process that allows holder of a loan to substitute other assets for the original collateral provided or pledged in the loan documents.

Surcharges

A secondary fee or other charge that increase the price of a good or service.