A - B

1031 tax-deferred exchange

Section 1031 of the Internal Revenue Code allows the owner of real property to sell that property and then reinvest in a “like-kind” property and defer paying any capital gains taxes. Strict IRS rules regulate this type of exchange

Ex. Real estate investors can take advantage of the 1031 tax-deferred exchange to defer capital gains taxes when selling a property, provided the money is rolled into another "like" purchase

abstract of title

A condensed history of a title; a summary of all links in the chain and that includes other public record matters affecting the title, a legal description of the property and a summary of every related document in chronological order

Ex. Karen’s abstract of title showed ownership of her property back to the time the property was developed.

abutting

Land parcels that share a common border

Ex. Many neighbors find that fences make abutting properties more tolerable.

acceleration clause

Allows a lender to demand immediate and full payment of all debt owed if a buyer defaults or fails to meet certain conditions that apply to the loan

Ex. When Wendy stopped making home loan payments, her lender told her she must pay off her entire balance or risk foreclosure.

accession

The addition of value to property through labor or the addition of new materials, including an increase in land through natural processes

Ex. Jonathan's property borders a bay. The bay receded, and Jonathan gained an extra 10 feet of property to his land through accession; also, Chris built a fence on his neighbor's property with no agreement allowing Chris to remove the fence. The neighbor now owns the fence.

accessory apartment use

An "in-law" apartment in a residential home

Ex. Bob agreed to build an accessory apartment in the home if his wife promised never to move her mother into it.

accessory use

An incidental or subordinate use to the primary use of the property

Ex. Andy's military bunker in his back yard constituted an accessory use of the property.

accounting

One of the fiduciary duties, accounting means an agent is accountable for any funds or properties entrusted to the agent. This is a duty that survives termination of an agency agreement

Ex. Cameron accepted an earnest money deposit from his buyer. His duty of accounting means that he must safeguard the funds and handle them according to the agreement with his client and the policies of his firm.

accredited investor

Investors qualified (due to experience and net worth) to invest in private offerings of securities, which are exempt from SEC registration requirements..

Ex. There is no limit to the number of accredited investors that may invest in a private offering.

accretion

The gradual growth in the size of a land parcel due to water-deposited sand, silt, or gravel.

Ex. Jillian's property grew through accretion when the creek flow created a long sandbar.

accrued items

Expenses that have been incurred but aren't due yet, e.g. property taxes

Ex. At closing, accrued items must be accounted for on the settlement statement. If the seller has accrued expenses not yet payable, the amount accrued will be a seller debit and buyer credit.

acknowledgment

A requirement for deed transfer; a public official must acknowledge, usually by a notary public, the grantor's signature

Ex. Gary purchased a duplex. The grantor signed the deed; a notary public acknowledged his signature.

acre

A unit of land that is equal to 43,560 square feet

Ex. The Jones farmhouse was on 10 acres. Their parcel had 435,600 square feet.

active fraud

Intentional misstatement of a material fact; action taken by one party to deceive a second party in an attempt to consummate a contract or transaction

Ex. "Sure, the foundation is perfectly safe!" Lisa said, even though she knew full well that there was a crack the size of Toledo in it.

act of waste

Abuse of a property by a person who holds possession through a life estate

Ex. Minerva inherited a life estate to a historic mansion and turned it into an illegal video gaming parlor. Also, Charles, who is in possession of real property as a life estate, failed to maintain the property.

actual cash value

The depreciated actual cash value of a property

Ex. Jason lived in a mid-century Modern home. When his home was destroyed, his insurance policy only paid out the actual cash value of the property, which was nowhere near its replacement cost. Jason was bummed he didn't plan for better insurance!

actual eviction

With this type of eviction, the landlord follows the proper legal procedures to have the tenant removed from the house.

Ex. Claude's landlord filed a motion for eviction with the courts when Claude failed to pay his rent for three months.

actual notice

Express notice given directly to a person or actual knowledge that is known

Ex. Karen told her neighbors she would be moving.

adjustable rate mortgage (ARM)

A mortgage with a rate that adjusts based on changes in a market index

Ex. Caleb had a 5/1 ARM. His loan had a fixed interest rate for the first five years, and after 5 years, it could change annually depending on changes to the market index.

adjusted basis

The final basis for taxing purposes, computed by taking acquisition costs plus capital improvements and less certain deductions such as depreciation

Ex. When Mark computed the adjusted basis in his property, he had to subtract $10,000 in depreciation he had taken over the years.

adjustment

In appraisals or CMAs, the dollar value or percentage added to or subtracted from the sales price of a comparable to arrive at an indicated value for the subject; in closings, the credits and debits made to a settlement statement for accrued or prepaid expenses

Ex. The appraiser adjusted the price of the comparable property because it had a three-car garage and the subject property had a two-car garage.

adjustment date

The date on which the interest rate changes on an adjustable rate mortgage.

Ex. Karey made sure to refinance before her adjustment date. Rates had dropped and she could get a better rate than the one she'd face once her ARM adjusted.

adjustment (loan)

A debit or credit at closing to coincide with appropriate closing costs

Ex. When the document preparation fees were more than anticipated, both sides received an adjustment at closing.

administrative discipline

Sanctions imposed by the DOS for violations of Article 12-A

Ex. Sanctions for violations of Article 12-A may include reprimands, license denial, revocation or suspension, and fines of up to $1,000.

administrative law

Law related to the legal process; enacted by administrative agencies, which are governmental bodies of the city, county, state, or federal government

Ex. Administrative law dictated that Gerald file a petition prior to having his case heard by the courts.

Administrative Procedure Act

Helps to ensure that no governmental entity acts without an opportunity for public input by requiring public disclosure and discourse before rulemaking

Ex. The Administrative Procedure Act was partially enacted in response to FDR's New Deal, in an effort to prevent the federal government from having too much power.

ad valorem

Related to the concept of property taxes. A Latin term that means "according to value."

Ex. Ad valorem is a method of charging a tax according to the value of the property instead of by a fixed rate.

advance consent to dual agency

The process of obtaining a client's go-ahead to dual agency should it arise. A client should always be given the option.

Ex. Because some states allow advance consent to dual agency, agents don't have to scramble to obtain this form in the heat of the moment when faced with a potential dual agency situation.

advance consent to dual agency with designated sales associate

This is an option for a client who wants independent representation. It basically allows the broker to act as a dual agent, while two agents of the broker each represent different sides in a transaction

Ex. Sheila was uncomfortable with advanced consent to dual agency because she didn't want her agent working for any buyer that might come along. But once her agent explained advanced consent to dual agency with designated sales associate, she agreed that this was the best of both worlds: she would not restrict potential buyer agents who might be associated with the same broker, and she would have her own representation independent of the buyer's representative.

adverse material fact

A fact that might cause the buyer to change his mind about purchasing the property

Ex. When Chet learned that a railway was being built behind the property, he withdrew his offer. That was an adverse material fact he couldn’t live with.

adverse possession

A person actually and visibly possesses another's real property for a statutory length of time and then claims as his or her own; openly hostile to another's ownership claim

Ex. Ralph had been using Kimo’s land for nearly two decades before they realized the land actually belong to Kimo. Ralph was able to claim the land through adverse possession.

aesthetic zoning

Specifies style or architecture of buildings in an area in order to preserve charm, feel, etc.

Ex. Zoning required that all homes in Ocean City be either Victorian or Tudor in design, and no taller than three stories.

affidavit of title

A sworn statement assuring that no title defects have occurred since the date of the last title search

Ex. An affidavit of title is often a part of a bring down, a title search performed after closing and before any new documents are filed.

affiliated business arrangement (AfBA)

A shared ownership among settlement service providers (such as a real estate firm and a mortgage brokerage) that must be disclosed to clients whenever more than 1% is owned by the other company, if both service providers are used by the same client in the same transaction.

Ex. Before Clarisse could refer her clients to her mortgage broker (who was partially owned by Clarisse's brokerage, RESPA requires her to disclose the affiliated business arrangement.

agency

The relationship between the real estate professional and the person or persons being represented (the principals)

Ex. Due to their agency relationship, Kim was put in a position of trust for David.

agency coupled with interest

A situation in which the agent has a financial stake in the transaction beyond the anticipated commission

Ex. Because he had loaned the seller's money to forestall their foreclosure, Jose's listing agreement with them involved agency coupled with interest.

agency disclosure form

A disclosure form that describes the possible agency relationships to a consumer

Ex. When conducting real estate activities, licensees should present the agency disclosure form at the first substantive contact with a consumer.

agency law

Law related to the agency relationship

Ex. Agency law defines the rules of conduct of an agent to a client.

agent

One who acts on behalf of another in a business transaction

Ex. An agent owes the principal (or client) certain fiduciary duties.

air rights

Rights to use the airspace above the land may be sold or leased independently of the land itself

Ex. Jerry leased the airspace above his home to a firm that needed unimpeded airspace for wireless communications.

alienation clause

A provision in a mortgage that requires the loan to be paid in full by the mortgagor if a transfer of ownership takes place. This is also called a due-on-sale clause.

Ex. An alienation clause protects a lender by preventing a borrower from assigning debt without the lender's approval. Alienation may be either voluntary or involuntary.

alluvion

The material that creates an increase of soil and thus land parcel size due to accretion.

Ex. Water flowing from a creek bordering Jillian's property created a sandbar, and she was able to use the alluvion—the new land mass that formed—as her own property.

alteration agreement

An agreement between a shareholder and a cooperative which states the extent of allowable remodeling/alterations to the shareholder's unit

Ex. James wanted to install built-in bookshelves in his unit, so he requested this modification in his alteration agreement. The cooperative board agreed, so he was able to install the bookshelves.

amendment

A change to an existing contract

Ex. Bill decided not to include the washer and dryer since the buyers were asking for the moon in the inspection. He wrote up an amendment to their original agreement, which they reluctantly signed.

Americans with Disabilities Act of 1990

A federal anti-discrimination law to protect persons with disabilities from discrimination in public accommodations and commercial facilities

Ex. John's brokerage firm was required to provide reasonable accommodations in the office building where Terry, who uses a wheelchair, works.

amortization

The paying off of a debt with regular installments over a fixed repayment schedule

Ex. A 30-year fixed rate loan provides amortization for the debt—in 30 years it is fully paid off.

amortization schedule/chart

A table that shows how much of each payment will apply toward principal and how much toward interest for the loan term; also shows decrease in loan balance until paid off

Ex. If borrowers want to see how much of their payment is going toward principal, they can check their mortgage statement, or an amortization schedule.

amperage

Amount of current or electricity flowing through electrical wires

Ex. The pulses were of high voltage but low amperage, which makes them, like static electricity, safe but an unpleasant experience.

anchor store/anchor tenant

A large commercial tenant that draws in traffic to a mall or shopping center

Ex. Janice was excited to place her boutique in the same shopping center as Bloomingdales. Having such a great anchor store nearby was good for business.

Annexation

An attachment of personal property to real property, thereby making it a fixture (also known as an attachment)

Ex. When Mrs. Goldman planted the rosebushes in her yard, the resultant annexation meant that the rosebushes were now made part of the property.

annual percentage rate (APR)

A rate derived to reflect the true cost of financing that allows consumers to compare loan products; includes financing fees, so it will always be higher than the actual interest rate on a loan

Ex. An interest rate of 6% may sound better than one of 6.25%, but it's important to also compare annual percentage rate (APR) figures to see the true cost of financing.

antitrust, antitrust law

Laws relating to the promotion of fair competition in the marketplace

Ex. Antitrust violations include price-fixing, tie-in arrangements, market allocation, and group boycotting.

apartment information vendor

An individual who, for a fee, engages in the business of furnishing information concerning the location and availability of residential real property, including apartment housing. The housing may be rented, shared or subleased.

Ex. Brady is an apartment information vendor. People looking for rental housing contact him, and he supplies them with information about rental properties that may meet their needs, for a fee.

apartment sharing agent

Also known as roommate service, this is an individual who, for a free, arranges and coordinates meetings between the current owners of real property, including apartment housing, who want to share their housing with others.

Ex. Karl is in a band and travels a lot, so doesn't need his own place, but wants something cheap, and thinks shared housing would be the way to go. He tries posting on bulletin boards around town "Roommate wanted" but has no luck until he connects with Jerome, who is an apartment sharing agent. Jerome charges Karl half a month's rental payment to place him with a new roommate, Stephanie. Now Karl doesn't travel quite so much anymore.

appraisal

An estimate of value as of a specific date and for a specific use

Ex. The appraisal on Myra's property was for its use as a bed-and-breakfast today.

appraisal contingency

Contract clause that, if the property doesn't appraise at or above the sales price, the buyer is allowed to terminate

Ex. If the appraised value is close to the sales price, often the parties can reach agreement. If not, and an appraisal contingency is in place, the buyer can use the fact that the property didn't appraise to terminate and receive a refund of earnest money deposited.

appraised value

An estimate of value as of a specific date, and for a specific use

Ex. Barbara refinanced her property two years ago. At that time, the appraised value was $450,000. If she puts it on the market today, she can't use the appraised value as list price, because it's no longer valid.

appraiser

One who performs an appraisal

Ex. Vladimir the appraiser is certified to provide real estate appraisals for his clients.

appreciation

Increase in property value

Ex. Due to appreciation, Kerry's investment property had doubled in value over the eight years she had held it.

appropriation

When the government sets asides funds for a specific use

Ex. The town of Appleville decided that an appropriation of $2.1 million from collected taxes was required to fund the new civic center.

approved assessing unit

A taxing jurisdiction certified by the NYS Office of Real Property Tax Services

Ex. An approved assessing unit may set separate tax rates for homestead and non-homestead properties.

appurtenances

Automatic rights inherent in property ownership

Ex. Jason loved being a property owner. He decided not to sell off the water rights that came with his property and to others. He kept all of his bundle of sticks together.

arbitration

A dispute resolution process in which a neutral party decides the outcome of a dispute between two or more parties.

Ex. When Jack and Jill agreed to arbitration, they left the outcome of their dispute in the hands of a neutral arbitrator.

architectural review board

A municipal agency whose role is to protect the architectural integrity of a community through covenants limiting the types of building materials. The boards are comprised primarily of people with expertise in art, architecture and planning. Local laws can give architectural review boards the authority to review building plans and specifications; these boards can withhold approval of building permits if a proposed construction will be very dissimilar to or inappropriate compared with other structures nearby.

Ex. In our story, Mary meets with the Architectural Review Board of Greenville to discuss how the renovations of the Johnson farmhouse will be in keeping with its existing architecture.

area variance

Permission to use the land in a way that is not normally allowed by the dimensional or physical requirements of the current zoning ordinance.

Ex. Brandy's permission to have a narrower setback from the street than that called for in the zoning ordinance is an example of an area variance.

Article 12-A

Most of the laws pertaining to salespersons and brokers in New York are located here in the Real Property Law. This Article empowers all state courts to hear and try anyone who violates the license laws.

Ex. License laws in Article 12-A help protect the public from dishonest dealings and incompetency by real estate licensees.

Article 78 proceeding

This proceeding is the method for appeals against regulatory agencies such as the DOS

Ex. At a DOS hearing, Kenny receives a fine of $1,000 for an alleged violation of Article 12-A. If Kenny wishes to appeal this decision, he may do so under the NYS Civil Practice Law and Rules Article 78 proceeding.

asbestos

A fibrous mineral found in rocks and soil, previously used in construction materials for its insulating and fire-retardant strength and currently classified by the EPA as a hazardous material.

Ex. Many homes built before 1973 likely contain asbestos products. These might be in insulation, ceiling or floor tiles, or in exterior shingles.

asbestosis

A chronic lung disease caused by breathing asbestos fibers

Ex. Asbestosis makes breathing difficult and can lead to death.

assemblage

The process of combining separate adjacent parcels of land into one piece

Ex. Through the principle of assemblage, by purchasing several adjoining parcels, the combined parcel was worth far more.

assessed value

The dollar amount to which the local tax rate is multiplied to determine property tax owed

Ex. Although the appraised value of Myra's bed and breakfast was $600,000, her tax assessed value was only $475,000.

assessing unit

This may be a county, town, village, city or school district who assess taxes

Ex. Millie's assessing unit was the town she lived in; Ted was the town's assessor.

assessment

This definition could have two meanings: 1. Related to tax purposes - See Assessed Value. 2. The allocation of an individual's share of expenses for the maintenance and repairs of common areas such as those related to condominium ownership.

Ex. Before a condominium owner can close on a sale of the condo, the owner must bring all assessments up to date so the buyer is not left paying for assessments owed from the time the seller was in possession.

assessment review board

A board that hears property tax grievances

Ex. Millie appeared before the assessment review board to protest her property taxes; she lost.

asset

Items of value owned by an individual; often used when qualifying for financing

Ex. Liquid assets include checking and savings accounts. Other assets include real property, automobiles, and accounts receivable.

assignment (rentals)

The substitution of tenants, putting the responsibility for the lease contract in the new tenant's hands. Requires written permission of landlord.

Ex. Daniel is moving out of state, and assigns his lease to Benjamin. Benjamin becomes responsible for the lease.

assignment (contracts)

When a new party to a contract agrees to satisfy the former party's obligations. Unless there is a novation (a new contract) the original parties remain liable for the contract terms.

Ex. Ty decided to take an African Safari in the middle of his transaction. His brother agreed to have the contract assigned to him. However, Ty remains responsible unless a new contract is drawn up, naming his brother as the contracted party.

assignment (mortgages)

The transfer of a mortgage from the original lender to another

Ex. Sima must not have been paying attention to her disclosures because she was surprised with EZ Well Bank assigned her mortgage to another lender.

associate broker

A licensed real estate broker that chooses to work for an established brokerage rather than on their own.

Ex. Jason is an associate broker. He has the status of a broker, but works for ABC Realty, an established brokerage.

assumable mortgage

A mortgage that can be assumed when property transfers ownership (requires borrower to qualify for the loan).

Ex. When interest rates rise, buyers often prefer assumable mortgages at more favorable rates.

assumption (or mortgage)

A buyer agrees, in writing, to take over the sellers' loan payments

Ex. Nicole assumed Matt's loan payments when she bought his house.

attorney review clause

A clause which makes a contract subject to attorney review

Ex. To protect her license, Anna always makes sure to include an attorney review clause in any document she prepares on behalf of clients.

auction

Sale in which highest bidder buys the property

Ex. After the Millers' house was foreclosed on, the lender auctioned it off.

avulsion

A loss of existing land by the sudden change in a watercourse, washing it away

Ex. Brady was aghast when part of his property washed away in a tidal wave. This avulsion caused him to lose 15% of his property.

balloon mortgage

A mortgage that has lower initial payments that do not fully amortize and provides for a "catch up" lump sum to be paid at a specific time

Ex. Jeb agreed to a balloon mortgage because he knew that in 5 years, when the balloon payment was due, he would have money available from his trust fund to pay it off.

Balloon payment

A one-time payment, usually occurring at or near the end of a loan term, that is larger than all the other payment amounts

Ex. Trinity's loan had low monthly payments, but a large balloon payment at the end of the loan term.

bankruptcy

The legal process of discharging or restructuring a borrower's debts

Ex. Individuals most commonly file Chapter 7 or Chapter 13 bankruptcy.

bargain and sale deed

A deed where there is at most one warranty: that the current owner has the right to convey the property. This type of deed makes no warranty against other encumbrances.

Ex. Clancy purchased a property from his aunt that had been unused for a long period of time. Because his aunt knew nothing about the property, the deed he received was a bargain and sale deed.

base line

An imaginary line that runs east and west and crosses the principal meridian at a specified point; it is used by surveyors as a reference point to locate and describe land under the rectangular survey system.

Ex. Beginning at the initial point and the number 1 on a rectangular system grid, each township is designated as being a number of six-mile units (""Townships"") north or south of the baseline, and so many six-mile units (""Ranges"") east or west of the meridian.

basement

Square footage below ground

Ex. Basements are an area that home inspectors tend to spend a lot of time in due to the mechanical and electrical and drainage issues often found there.

basis

A property's acquisition cost, including the sales price, related acquisition fees, and any capital improvements (e.g., renovations, additions)

Ex. Mary paid $100,000 for her property and had acquisition costs of $10,000. Her basis in the property was $110,000.

beam

A length of steel or several pieces of wood fastened together that spans the distance from one side of the foundation to the other on which the joists rest for support. This is sometimes called a girder.

Ex. Keri couldn't believe it when she returned from an errand on the weekend and saw that her contractor had somehow single-handedly installed the beam that spanned the entire length of their kitchen addition. "Ladders, lifts, and leverage," he explained.

bearing wall

A wall that supports the ceiling or roof

Ex. When they discussed their remodeling plans with their architect, he told them they could not move a bearing wall unless they wanted their second floor where their first floor currently was.

benchmark

A permanent affixed brass plaque that is numbered and is used as a point of reference by surveyors when measuring elevation

Ex. When the surveyor referenced the benchmark he noted that its numbers had worn off over time. Now he would have to use different criteria as a point of reference.

beneficiary

The person entitled to the benefit of a trust arrangement

Ex. Mr. and Mrs. Thomas created a shared living trust. Each put co-owned and separately owned property into the trust. When Mr. Thomas dies, Mrs. Thomas takes over as trustee and distributes her husband's trust property to the beneficiaries he named in the trust document. Her property stays in the living trust.

bill of sale

A document transferring title to personal property.

Ex. When Ginger sold her golf cart to Mary Anne, they used a bill of sale to complete the transaction.

biweekly mortgage

A mortgage in which the borrower makes payments every two weeks, resulting in 13 payments a year instead of 12. Some borrowers use this strategy to pay off their loan earlier.

Ex. Charlene made biweekly payments on her mortgage .She avoided the often expensive independent companies who offer to set up such payment plans for borrowers, and did it herself. She was able to pay off her 30-year mortgage several years early.

black book

A cooperative or condominium offering plan that has gone through its first stage of approval

Ex. Mike submitted his preliminary prospectus to the Attorney General. When approved, he could use this black book to begin offering units for sale.

blank endorsement

A negotiable instrument that does not include a payee.

Ex. When Sheena signed her name to the back of the check, she endorsed it. She did not write ""Payable to ..."" therefore it was a blank endorsement.

blind ad

Advertising that does not contain the required disclosure information including license status, and name and telephone number of the broker

Ex. Brenda wanted to advertise her new listing everywhere, so she included a small ad in craigslist “Homes for Sale by Owner” section. She did not identify herself as a broker, but included her own cell phone number. This is an illegal blind ad.

blockbusting

A discriminatory and illegal practice in which licensees or others encourage homeowners to sell because of an influx or expected influx of a member of a protected class into the area

Ex. Sharon lost her license when it was discovered that she had told homeowners in the Birdseye neighborhood that they should sell because the neighborhood was “turning Asian.” This is blockbusting and it is illegal.

blueprint

A building plan with an architect's or engineer's stamp that includes the layout of the rooms and their measurements, and indicates location of windows, doors, fixtures, and major appliances

Ex. Bradley looked up from the blueprint of his proposed house and told his architect, "I can't visualize it in 2-D. Can you build me a model in 3-D?"

blue sky laws

Federal and state securities law designed to protect the consumer from fraud.

Ex. Blue sky laws protect consumers from buying ""nothing but air"" when securities are sold and exchanged.

board package

A package of financial and personal information presented to a cooperative board when applying to become a shareholder in the co-op

Ex. Janice's application to the Better Living Co-op was denied because she failed to include letters of reference in her board package.

bond market

Market for buying and selling of (frequently) 30-year treasury bonds. Yield on bonds often rises and falls as fixed rate mortgages do.

Ex. ABC Lending watched the bond market. When yields rose, it knew interest rates would soon do the same.

boot

Money or property given to make up for any difference in value in a 1031 exchange

Ex. When Candy did her 1031 tax-deferred exchange, her new property was $10,000 less than the property she sold, so she had to pay capital gains tax on the boot.

bracketing

Determines a probable range of property values by comparing a group of comparable sales to the subject

Ex. The appraiser attempts to include both superior and inferior units of comparison such as age and transaction price.

breach of contract

One or more parties fail to meet the terms of their agreement

Ex. When Caleb failed to turn over the keys to his house to Susan after the transaction closed, she sued him for breach of contract.

bridge loan

A temporary loan used to cover the interval between two transactions.

Ex. The Clausens' sale of their current home would not go through until after the closing date on their dream home. They used a bridge loan to close the gap in financing.

British Thermal Unit (BTU)

A measure of heat energy (the amount of heat required to raise the temperature of one pound of water by one degree Fahrenheit.

Ex. It takes 40 BTUs to cool one cubic foot of space.

broker

One who provides brokerage services (buying and selling for another) for a commission

Ex. In real estate, a broker must be licensed to perform real estate activities for compensation.

broker's agent

An agent that cooperates or is engaged by a listing agent or a buyer's agent (but does not work for the same firm as the listing agent or buyer's agent) to assist the listing agent or buyer's agent in locating a property to sell or buy, respectively, for the listing agent's seller or the buyer agent's buyer

Ex. The broker's agent does not have a direct relationship with the buyer or seller and the buyer or seller cannot provide instructions or direction directly to the broker's agent. The broker's agent treats the buyer or seller as a customer, not a client.

broker's price opinion (BPO)

An opinion of value prepared by a real estate licensee; similar to a comparative market analysis, but not as detailed; a lender or relocation company generally orders the BPO

Ex. Chico's broker's price opinion (BPO) was prepared for XYZ Lending company on a potential foreclosure property.

brownfield

An abandoned commercial or industrial site that is believed to contain toxic waste

Ex. The former site of a petroleum company became a brownfield eyesore until it was rehabilitated and turned into a community garden.

BTU (British Thermal Unit)

A measure of heat energy (the amount of heat required to raise the temperature of one pound of water by one degree Fahrenheit.

Ex. It takes 40 BTUs to cool one cubic foot of space.

budget mortgage

A mortgage in which taxes and insurance are added to the payment for principal and interest.

Ex. Gabrielle hated paying bills, so she was glad her lender had set her up with a budget mortgage where her PITI was handled in one payment each month.

building code

Minimum standard construction rules intended to ensure a safe, properly functioning environment for building occupants

Ex. The building code specified plumbing, electrical and structural specifications for builders.

building department

A building department enforces local building code, and ensures that licensed and insured contractors perform the work. The building department provides building permits for construction and renovation, among other functions.

Ex. After Mary gets approval for her plan from the various agencies, she will need to work closely with the building department to ensure her project adheres to local building codes. Once the project is completed to the building department's satisfaction, it will issue a certificate of occupancy.

building envelope

The shell of the building—the materials used to enclose the interior.

Ex. Doors, windows, and siding are all part of a home's building envelope.

building permit

Authority from a local government to construct or improve a building or residential property

Ex. Builder Barry was issued a building permit to build a home on the empty lot next to his mother's house.

building specifications

Written narrative of the building plan; describes major systems, construction details, landscaping, and design features not captured in the building plan

Ex. While his wife pored over the blueprints for their new house, Bill preferred reading the building specifications, since they included his plans for an antique rose garden.

bundle of rights

The tangible and intangible rights of ownership that come with owning real property; includes the right to sell individual "sticks" in the bundle separately from the land itself. The bundle of rights includes the rights of possession, disposition, enjoyment, exclusion, and control.

Ex. A property may have many owners; the sticks in its bundle of rights may be sold individually. One may own air rights, another mineral, another water, etc.

buydown

A financing technique in which the buyer obtains a lower interest rate by buying down the interest rate at the time the loan is made

Ex. Alec decided to buy down the interest rate on his loan to make his payments more affordable.

buyer presentation

Opportunity to build trust with a potential client, showcase your expertise, and learn more about the buyer's needs

Ex. Chet always prepared for buyer presentations as carefully as he would have prepared for a job interview--because that's exactly what the buyer presentation is.

buyer's agency agreement

An agency agreement between a buyer and an agent to provide representation; it explains the duties of the agent to the buyer and the duties of the buyer to the agent.

Ex. Jerome was tired of working with disloyal buyers and decided that from now on, he would only work with buyers if they were willing to sign an exclusive buyer agency agreement with him. In that way, he could be assured of getting paid--provided he found the buyer a property!

buyer's agent

The agent representing the buyer, and only the buyer in a real estate transaction.

Ex. Because Sam was a buyer's agent, he owed undivided loyalty to the buyer.

bylaws

The rules of an association, such as a homeowner's association or cooperative.

Ex. The Greener Grass Cooperative included in its bylaws the process for resolving shareholder disputes.

C - D

CAA/Clean Air Act

A federal act designed to control air pollution; requires the EPA to develop and enforce regulations to protect the public from airborne contaminants known to be hazardous to human health

Ex. Among other requirements, the Clean Air Act banned the release of CFCs and HCFCs when maintaining, servicing or disposing of refrigerators, air conditioners or other cooling products.

calendar year

When prorating expenses for a real estate transaction, this method uses the actual number of days in a year

Ex. When determining amounts to prorate, the lender used a 365-day calendar year to figure daily rates.

call option

A clause in a financial contract that enables the buyer to pay the remainder of the loan balance at a specific price within a specific time period.

Ex. Buyer Vance and Seller Ralph used call option contracts to lock in the purchase price of Ralph's undeveloped land. When Vance obtained the necessary approvals for development and determined the final worth of the property. The sale closed on the predetermined date of February 14th.

CAN-SPAM Act

Controlling the Assault of Non-Solicited Pornography and Marketing Act; a federal law that protects consumers against unwanted email solicitations

Ex. Thanks to the CAN-SPAM Act, Cecily's email inbox was fairly uncluttered.

cap

See rate cap

Ex. See rate cap

capital expenses

Expenses required to improve or maintain a building

Ex. The roof replacement was a capital expense John had not bargained on.

capital gain

Profit on the sale of an asset, such as real estate

Ex. Long-term capital gains taxes recently increased from a maximum of 15% to a maximum of 20%.

capital improvements

Permanent structural changes, remodels, or restorations that increase a property's value or use

Ex. Capital improvements can be deducted from capital gains when a property is sold.

capital loss

Loss on the sale of an asset, such as real estate

Ex. When Burt sold his property for less than it cost him, he had a capital loss.

capital reserve budget

A projected budget over the economic life of the property, which includes variable expenses, such as repairs and updates

Ex. Corrine believed in having a capital reserve budget that planned for every contingency. She did not like surprises.

carbon monoxide (CO)

A colorless, odorless gas that results as a byproduct of combustion of wood, gas, and other heated materials; poses a health hazard when released into the atmosphere and breathed in

Ex. Homes with gas appliances and gas heat should be equipped with carbon monoxide detectors which can warn the occupants to get out before escaping fumes result in serious health issues or death.

case law

Law established by court decisions; can be used to modify or overturn other sources of law

Ex. Common law and case law are not established by statute, but by outcome of court cases. It is then cited in future court cases.

cash flow

The income over and above expenses received from an investment

Ex. By Year 2 of owning her four-plex, Yvette was looking at a positive cash flow of $200 per month.

cash-out refinance

A refinance in which the borrower assumes a loan balance higher than the current one to pull out money for other use.

Ex. Interest rates had dropped, and Avril decided to refinance his home, which had a loan balance of $200,000 but an appraised value of $260,000, at $240,000. He used the $40,000 to pay off his car and credit cards, and ended up saving several hundred dollars each month. However, his new loan balance was now higher, and his payback term reset at 30 years.

Casualty loss

Physical damage to or destruction of a house, barn, garage, or other improvement on a property

Ex. When the forest fire raged through the hills surrounding Rasheed's house, his home experienced casualty loss when the fire damaged most of the roof and the exterior.

cease and desist list

A list published by the DOS of certain areas where solicitation of homeowners is prohibited

Ex. Before he canvassed his pet neighborhood, Buddy checked the cease and desist list to make sure he was allowed to do so.

cease-and-desist order (advertising)

Requires you to stop running a deceptive ad or engaging in a deceptive practice; effective immediately upon issuance

Ex. Future actions after issuance of a cease-and-desist order may result in fines of up to $16,000 per ad per day.

census tract

Small geographic area identified by number and containing demographic information about the citizens

Ex. Cityville consulted its census tract when developing its master plan.

certificate of deposit

A deposit held in a bank for a specified term which earns interest (e.g., one-year CD, three-year CD).

Ex. Georgio had some extra money in savings and decided to buy a five-year CD. Interest rates were higher than he could get in his savings account, and he had no use for the money for at least five years.

certificate of eligibility (COE)

A document issued by the U.S. Department of Veterans Affairs that certifies a veteran's eligibility for a VA loan

Ex. Renita had served in the Air Force and decided to apply for a VA loan to purchase a home once she got out. She applied for and received a certificate of eligibility for the loan.

certificate of occupancy (C/O)

A document issued after satisfactory final inspection allowing a building to inhabited

Ex. Developer Danielle was relieved when her final inspection was approved and she was issued a certificate of occupancy.

certificate of reasonable value (CRV)

A document used with a VA loan that indicates its appraised value

Ex. Because his certificate of reasonable value came in above the sales price, the VA was willing to guarantee the full sales price of George's home.

certified general real estate appraiser

An appraiser certified to perform appraisals for any time and value of property for federally related real estate transactions.

Ex. Because the property was valued at over $1 million and was part of a federally related transaction, only a certified general real estate appraiser could be used to perform the appraisal.

certified residential real estate appraiser

An appraiser certified to perform appraisals for one- to four-unit dwellings for federally related real estate transactions.

Ex. Because the transaction was federally related, a certified residential real estate appraiser must be used. If it had been a commercial property, only a certified general real estate appraiser could be used.

chain of title

Establishes the title history or the path and proof of property ownership through a public records search for successive conveyances of title and encumbrances; each owner is considered to be a "link" in the chain

Ex. Karen's chain of title showed no gaps in ownership since the time it was built.

Change of Association

Switching sponsoring brokers

Ex. When an associate broker wishes to change sponsoring broker, a "Change in Association" must be completed online. To terminate a licensee, the existing principal broker must log on to their personal online account to perform this function. Once the termination is completed, the new employing principal broker can perform the change of association.

chattel

Another word for personal property (as opposed to real property)

Ex. You might confuse your buyers if you asked them, "Was there any chattel of the sellers you wanted to write into the sales contract?" It's better to use the term "personal property."

chlordane

A chemical insecticide now banned.

Ex. Although chlordane was effective against termites, it was highly toxic to indoor air.

chlorofluorocarbons (CFCs)

Synthetic chemical substances used in cooling products whose release into the atmosphere is blamed for ozone layer depletion

Ex. Jane was surprised to learn that Styrofoam was a CFC product, and also that CFC is used in most car air conditioners.

circuit breaker

A replacement for fuses which work by switching off when the electrical current increases beyond the system's capacity.

Ex. Homes built since the 1960s usually have circuit breakers rather than fuses, which were used in most homes until then.

civil law

Law addressing citizen rights to pursue remedies through the courts

Ex. Civil law gives private citizens the right to seek legal redress in the courts.

civil procedures

Rules and standards for civil lawsuits

Ex. In a criminal case, the party bringing an action is called the ""prosecution,"" but civil procedures dictate that the party bringing the action is the ""plaintiff"" or ""claimant.""

Civil Rights Act of 1866

The first statute affecting equal housing opportunity largely interpreted to prohibit racial discrimination

Ex. Although the Civil Rights Act of 1866 was enacted more than a century ago, it still has relevance and impacts discrimination laws today.

Clayton Act

Enacted in 1914 as a supplement to the Sherman Act, with the same general purpose; designed to cover restraints on interstate trade or commerce not covered by the Sherman Act

Ex. The Clayton Act allows for individual or group (classaction lawsuits for antitrust violations. It also allows the prevailing party to recover three times the actual damages.

Clean Water Act

Established quality standards for surface waters and added a structure to regulate pollutants (e.g., oil) discharged into U.S. waters

Ex. Real estate transactions are impacted by this act when the property includes water features protected by the CWA (e.g., a buyer wants to build a guest cottage, but wetlands on the site prevent the plan from being implemented).

clear title

A marketable title (free and clear of liens or question of ownership).

Ex. Because the seller was unable to provide the buyer with a clear title, the buyer backed out of the sale, and received his earnest money back.

client

The principal in a transaction whom the agent represents

Ex. Nicole was selling her house and hired Krystal as her listing agent. Nicole is Crystal's client.

closing

The settlement of a real estate transaction in which a property transfer occurs

Ex. At closing, buyer and seller reconcile expenses, prepaids and prorations; buyer provides seller with sales price and seller transfers ownership to buyer.

closing agent

Manages the closing process, presents and explains all of the closing documents to the parties, and obtains signatures; may be an attorney, broker, or a title company representative

Ex. Sandra was glad to learn that the closing agent for her sellers' closing was going to be Anders Hayes. He always had everything in order for a smooth closing, just as it should be.

Closing Disclosure

A statement of final loan terms and closing costs, provided to the borrower three days prior to closing; part of TRID lender disclosure requirements

Ex. Wendy's lender sent her a closing disclosure three days before she closed on her purchase of a delightfully renovated plantation manor.

closing statement

A statement showing the monies involved in the real estate transaction, and who owes what to whom

Ex. Karen and Vince's closing statement showed debits and credits from Karen to Vince and Vince to Karen.

cloud on title

Aka title defect; any encumbrance, such as a lien or inheritance claim, that impedes the conveyance of a property; may be removed with a quitclaim deed

Ex. Erica was in the process of buying a foreclosure property, when an unknown lien cropped up, creating a cloud on the title. The lien had to be removed before Erica could buy the property.

CLUE report

A C.L.U.E. (comprehensive loss underwriting exchange report provides a history of insurance claims on a specific property; helps home insurance underwriters and buyers determine whether a particular property has hidden issues and whether it may be difficult or expensive to obtain insurance

Ex. Annalise asked the listing agent to ask the seller for a copy of the CLUE report for her buyer client to see.

Coastal Zone Management Act

Administered by the National Oceanic and Atmospheric Administration; designed to “preserve, protect, develop, and where possible, to restore or enhance the resources of the nation’s coastal zone”

Ex. The act encourages coastal states to develop and implement coastal zone management plans. This encompasses the 95,331 miles of the nation’s ocean and Great Lakes coastlines.

co-borrower

A person who's both responsible for the loan and on the title for the property.

Ex. Alice and Jimmy bought a house together. The applied for the loan as co-borrowers, and took title in both of their names.

code of ethics

A system of rules and norms established by a group of professionals who agree to adhere to them to maintain the standards of their profession

Ex. Members of the National Association of REALTORS(R) agree to abide by the Association's Code of Ethics.

collateral

An asset used to secure a loan. With a home mortgage, the home itself acts as collateral. If the borrower defaults, the lender can foreclose and take the property.

Ex. When Lance purchased a home using financing, he pledged his property as collateral. If he defaults on his loan, his lender can collect what it's owed by forcing a foreclosure sale on his home.

collateralized mortgage obligation (CMO)

A security that uses mortgage-backed securities as collateral

Ex. CMOs are subdivided into tranches. Each tranche has specific rules for distributing income received from the collateral, and has differing balances, maturities, and risks.

collection

A process of attempting to recover loaned funds when the borrower is in default.

Ex. Because Jewel didn't pay her credit card bill, the credit card company sent her bill to collections. Jewel now receives almost daily calls from the collection agency asking for payment.

commercial law

Laws relating to commerce or trade

Ex. Commercial law regulates such things as contracts and hiring practices.

commercial paper

Loans made by banks to consumers who need funds to purchase personal property or to meet short-term needs

Ex. Betsy got a commercial paper loan to have enough money to furnish her new apartment.

commercial property

A category of real estate that includes income-producing properties.

Ex. Examples are retail stores, restaurants, and office buildings.

commercial real estate

A real estate category that includes income-producing properties. Related to financing, may also refer to residential properties with five or more units.

Ex. Seamus owned a triplex, but his brother-in-law owned a 10-plex. Although the 10-plex was residential, because it was more than four residential units, it was considered commercial real estate.

commingling

Mixing or depositing funds belonging to others (trust or escrow funds) with business or personal funds.

Ex. Jack, a real estate broker, is in a hurry. He includes his client's earnest money check into a deposit into his general business fund. This is commingling, and is illegal.

commission

The amount of brokerage fee received for a real estate transaction

Ex. Janice's commission was 7%. But she had to give 3.5% of that to the buyer's agent, which left her with 3.5%. Then she had to give 50% of that to her broker.

commission split

A type of compensation arrangement between brokers, salespersons, etc., and their managing brokers in which the two parties split the commission earned on a transaction.

Ex. Danae's commission split with her broker was 60/40, which means that Danae keeps 60% and her broker keeps 40%.

common area assessment

See homeowner association (HOA) fees

Ex. See homeowner association (HOA) fees

common areas

The portions of a property shared by common interest owners (e.g., in a condominium property, this would include the pool)

Ex. Homeowners pay dues to maintain the common areas of the association.

common elements

The shared area of an association such as a homeowners association, condominium, or cooperative

Ex. At Greener Grass Cooperative, the courtyard and outdoor grill were common elements enjoyed and used by all residents.

common law

Law established by court outcome or tradition rather than statute

Ex. Another name for common law is case law.

community property

The equal ownership of property in a marriage; nine states recognize community property: Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wisconsin

Ex. Under the community property law, each spouse owns equal interest in shared property.

Community Reinvestment Act (CRA)

A federal law requiring lenders to meet the credit needs of the communities they serve by expanding credit to low- and moderate-income people.

Ex. CRA has been revised multiple times since its initial passage.

compaction

The matting down of soil on a land parcel. May be purposeful or not. Soil density tests may be required for certain projects or in certain geographical areas before building can begin.

Ex. Compaction inhibits plants from growing on the property and impedes proper drainage, which can wreak havoc on foundations, flood basements, and make buildings unstable and unsafe.

comparable

Recently sold real estate that can be used to determine the value of a similar piece of real estate.

Ex. Joe wants to sell his house so he pulls up a list of homes nearby that have recently sold. Through these comparables, he now knows what his property is worth.

comparables

Properties used for comparison purposes when valuing property

Ex. Shelly was careful in selecting the comparables for her CMA; she wanted them to be as similar as possible to the subject property.

comparative market analysis (CMA)

An estimate of market value based on recent comparable sales for similar properties

Ex. Gwen prepared a comparative market analysis for Jolene and told her, “Based on the sales prices of recent similar properties, I suggest a list price of between $235,000 and $250,000.”

completion bond

Subdivision bond; a developer's guarantee that off-site improvements will be made upon completion of the project. The municipality is named as beneficiary for the bond.

Ex. When Mike Grant developed Grant Meadows, he provided the city with a completion bond, naming the City as beneficiary. The bond guaranteed that he would install parking medians on the adjacent street.

condemnation

The taking of a property under eminent domain

Ex. When land is condemned through eminent domain, owners must be paid just compensation and provided with notice and an opportunity to defend their rights.

conditional use permit

City or county authorization for a use inconsistent with current zoning, but necessary for public benefit, such as locating an emergency medical facility in a residential neighborhood.

Ex. Conditional use permits are often granted for churches, public or private schools, public building or utility structures, parking lots, temporary subdivision sales offices, and community care and health care facilities.

conditions, covenants, and restrictions (CC&Rs)

The rules of an association, such as a homeowners association or cooperative

Ex. Robby made sure to check the CC&Rs before purchasing his condo. He wanted to make sure his pet iguana, Elvis, would be welcome.

condominium

A form of ownership that consists of an individual interest in a unit (commercial, industrial, or residential) and an undivided interest in the project's common areas.

Ex. Greg owns a residential condominium unit, which gives ownership of his individual unit plus an interest in his building's common areas.

condominium conversion

The transformation of a building into condominiums (usually with an apartment building).

Ex. Ken had been renting an apartment at Brighton Arms for 10 years when the new owner decided to convert the building to condominiums. As a tenant, Ken was given the option to purchase his own unit in the condominium conversion.

condominium hotel, condotel, condo hotel

A condominium project that includes a rental desk; allows short-term occupancy, and is operated similar to a commercial hotel, even though the units are individually owned. Often found in resort areas, such as Hawaii.

Ex. Marissa investigated a condo at the Maui Banyan condotel. She liked the idea of having a registration desk, but found that financing was more difficult than with a traditional condo.

condop

A hybrid building which includes both condominium and cooperative ownership. The residential portion of the building is treated as a single condominium unit owned through a cooperative structure.

Ex. At the Always Uptown condop, the cooperative corporation does not own a whole building, just the residential condominium space within it. The developer/sponsor retains ownership of the non-residential (commercial space) in the building.

confidentiality

One of the fiduciary duties, confidentiality means an agent must keep the client's information confidential, provided the agent is not legally required to disclose it. Confidentiality is one of the duties that survives agency termination.

Ex. Sherman's client told him, confidentially, that he really had to move quickly, due to his relocation package ending soon. Because of the duty of confidentiality, Sherman cannot share this information with others.

conforming loan

A loan that meets the Fed's qualification standards and may be sold on the secondary market

Ex. Giant Bank makes sure its mortgage loans are conforming loans so they may be sold on the secondary market.

consent decree

A final judgment, stipulated to by both parties, that claims neither guilt nor innocence but spells out the terms of the judgment. Usually adjudicated between a governmental authority and a defendant by an administrative judge.

Ex. The consent decree called for the multiple listing service to stop practices that unfairly harmed alternate business model brokers.

Conservation Advisory Council (and/or Wetlands Commission)

The Council (or commission) that advises municipal agencies concerning the preservation, development and use of natural and physical features. This agency also works with the planning boards and other agencies to include environmental improvement in the master plan, inventories and maps open areas, marshlands, swamps and other wetlands, and oversees regulations regarding construction on or near a wetland.

Ex. Mary ran into Greenville's Wetlands Commission when they discovered that part of her construction was within the 50-foot buffer from a nearby marshland. Mary had to redesign a portion of her plan to meet setback requirements.

conservation easement

A landowner chooses to create a legal agreement with a land trust or government entity that includes permanent use and development restrictions

Ex. When owners create a conservation easement, they lose some rights to the property, because the easement constrains use of the land.

consideration

The giving of something of value, which can include the agreement to not do something. Consideration is a required element of a binding contract.

Ex. Carly is a buyer and Wade is a seller. Carly gives Wade earnest money and a promise to purchase his property. This is her consideration. Wade's consideration to Carly is his agreement to sell his property.

constitutional law

Law defining the role of the Supreme Court and its authority regarding the president, Congress, and the states

Ex. More than any other relationship, constitutional law is thought to govern the relationship between individuals and the federal government. Therefore, constitutional law often involves interpreting the Constitution as it relates to the individual rights .

construction loan/mortgage

Interim financing for developing land. The contract allows for disbursements of funds at specific stages of construction.

Ex. Builder Barry took out a construction loan to build out his subdivision.

constructive eviction

With this type of eviction, the tenant isn't permitted quiet enjoyment of the premises and vacates.

Ex. Seamus's landlord wants him out! To evict him, his landlord harasses him and enters the premises without notice all the time.

constructive notice

A public recordation of an event; constructive notice means "you could have known if you'd bothered to look it up."

Ex. Karen's conveyance of her deed was publicly recorded; this was constructive notice to the world that she had sold her property and that Vince was the new owner.

Consumer Price Index (CPI)

Measures changes in the price level of consumer goods and services, drawing samples from various marketplaces

Ex. The CPI showed that gas prices had risen 10 cents per gallon in the month leading up to Memorial Day.

contingency

A condition of an offer; all contingencies must be satisfied or removed before a transaction can close

Ex. In Frank's offer to purchase Jennifer's estate, he wrote in a contingency that stated, "Offer is contingent on buyer's ability to obtain financing at no more than 5% interest." If Frank is unable to obtain financing under those terms, he may terminate the contract.

continuing education

Salespersons, brokers and associate brokers must complete 22.5 hours of approved continuing education coursework before their two-year renewal.

Ex. Maria is a real estate salesperson coming up for her two-year renewal. Three months prior to her renewal, she receives a reminder postcard from the DOS that she must complete all items for renewal before her expiration date. This includes satisfactory completion of the 22.5 hours of approved continuing education coursework.

contract

An exchange of promises between two parties

Ex. Due to the statute of frauds, all real estate contracts must be in writing.

contract law

Law regarding oral and written agreements between two or more parties.

Ex. Consideration in contract law is simply the exchange of one thing of value for another. It is one of the six elements that must be present for a contract to be enforceable.

conventional life estate

Life estate granted by an individual for someone's lifetime, created by will or deed

Ex. Emma wrote her will out to include possession of her home to her nephew for the term of his life, after which it would pass to her favorite charity, Cats and Canaries.

conversion

Converting apartments to condominiums or a cooperative

Ex. Jane's apartment building was undergoing a conversion. As a tenant, she had right of first refusal to purchase her unit as a condo before it was offered to the general public.

conversion

Using escrow funds for personal or business purposes

Ex. Joanne engaged in conversion when she borrowed money from her brokerage's escrow account to pay her rent.

convertible ARM

An adjustable rate mortgage that allows the borrower to convert the loan into a fixed-rate loan within a specified period of time.

Ex. Calli wasn't sure what her finance situation would be. She preferred a fixed-rate mortgage, but liked the lower interest rate of an adjustable rate mortgage. She opted for a convertible ARM to give her the flexibility to convert to a fixed rate mortgage at a later date.

convertible mortgage

A commercial mortgage in which the lender retains the option to convert an outstanding loan balance into equity at a stipulated time

Ex. Chase was reluctant to sign a convertible mortgage with his lender, because he believed his enterprise would be very successful. However, because of the financing risk involved, it was his only option.

conveyance

The legal transfer of property ownership to another

Ex. In feudal times, the conveyance of property was conducted on the property itself when the former landowner handed the future landowner a symbol of the transfer, such as a stone, twig or bit of soil.

cooperating agent

An agent from another firm who assists in the sale of a property

Ex. Jan represented, Kimo, the buyer of Chanel's listing. Jan is a cooperating agent.

cooperative

Form of real property ownership in which the owner is a member of an association that owns the building and shares stock in that association

Ex. Jackson found himself drawn to the idea of residing in a cooperative that focused on sustainable living.

cooperative policy statement

A form and process for a developer to test the market for a condominium or cooperative project, aka CPS-1

Ex. Before the sponsor could develop the project, she had to file an appication to test the market. The CPS-1 would help determine whether the project was necessary.

corporate bonds

Typically issued when a business needs ready cash for capital improvements, development, or expansion

Ex. Similar to municipal bonds, the bonds are issued at face value and earn interest over the holding period, after which the investor receives the face value of the bond.

corporation

A business organization owned by stockholders that exists as a legal entity

Ex. IBM Corporation has more than 400,000 employees.

corrective maintenance

A repair prompted by a tenant complaint.

Ex. When Julie got a call from apartment 316 (again) she knew corrective maintenance was in order. The plumbing would have to be repaired.

correlation process

The weighing of the value factors in an appraisal, with the appropriateness of the various comparable sales in relation to the subject considered

Ex. Through a correlation process, the most weight may be given to one or two of the sales that are presented, or equal weight may be given to all.

cost

Expense for labor, materials and items related to construction such as fees and permits.

Ex. The cost to tear down and build anew was cheaper than renovating the existing building.

cost approach

An appraisal valuation method based on the cost to replace or reproduce a property

Ex. Appraisers often use the cost approach for new construction or for unique properties that do not have recent comparables.

cost of funds index (COFI)

An index used to determine interest rate changes for some adjustable rate mortgages.

Ex. , and advances of financial cost of funds index (COFI) represents the weighted average cost of savings, borrowings of certain financial institutions.

County Health Department

The health department ensures drinking water safety, including setting standards for private and community well construction, well water safety and regulation, septic system approval, and certain wastewater treatment approval.

Ex. If a subsequent buyer of Mary's property had an outbreak of food poisoning at the B&B, the health department could be called into determine its cause.

covenant

An agreement or promise made between the parties

Ex. When Miranda agreed to pay rent to Craig for renting his condo, this was a covenant between them.

covenant of seisin

Deed warranty that the seller is the actual owner of the property being conveyed and has the right to convey it

Ex. The covenant of seisin guaranteed that Mary was the rightful owner of the property and had the right to sell it to Sam.

crawl space

The non-living area beneath the house itself.

Ex. A vapor barrier installed in the crawl space can help to prevent moisture and ground water penetration into the house.

credit history

An individual's record of repayment of debt; reviewed when lenders determine whether a borrower is a good risk for financing

Ex. Due to his abysmal credit history (Derek never met a bill he couldn't avoid), he didn't qualify for a home loan.

creditor

A person or entity to who money is owed.

Ex. In a bankruptcy proceeding, the individual has to demonstrate he can't repay his creditors to have his debt forgiven by the bankruptcy court.

credit report

A report of an individual's credit history. Used by lenders to determine creditworthiness of the individual.

Ex. Ann's credit report showed that she had a history of missing her payments. Because of the report, her lender denied her loan.

credits

Moneys received

Ex. On the closing statement, expenses she's paid but not yet accrued will show up as a credit on Karen's side.

credit score

A number that signifies a borrower's credit risk to lenders

Ex. A credit score is calculated from information in the borrower's credit file, and is used by lenders to assess borrowers' credit risk at a given moment in time.

criminal law

That section of law that deals with crimes as opposed to civil matters.

Ex. Because she was charged with a crime, Cara's needed a criminal law attorney.

crowdfunding

Funding a project by raising money from a large number of people, usually on the Internet

Ex. Delia made arrangements to look seriously at crowdfunding for her next development project in the city center.

cul de sac

A street that does not connect to any main roads

Ex. James liked living on a cul de sac because he didn't have to deal with traffic cutting through his street to the main road.

curtesy

A husband's interest in the real estate owned by his deceased wife; a form of legal life estate

Ex. When his wife died, Abe gained a curtesy estate in their home.

custodial maintenance

Ordinary cleaning and maintenance, such as vacuuming, trash removal, and landscaping

Ex. As part of her duties, Layla had to arrange and monitor custodial maintenance for the properties she managed.

customer

A person related to the transaction whom the agent does not represent

Ex. Even though customers are not clients, agents owe to customers the duties of fair and honest dealing, and disclosure of who the agent represents, and disclosure of any material facts.

debits

Moneys owed

Ex. On the closing statement, accrued but not yet paid expenses (such as property taxes) will show up as a debit on Karen’s side.

debt service

Mortgage payments, including principal and interest, on a loan.

Ex. Debt service is part of the cost of owning a financed investment property.

debt-to-income ratio

Qualifying ratio used by mortgage lenders, calculated by dividing the borrower's recurring monthly debt by the borrower's total monthly income

Ex. Because Janice's debt-to-income ratio was too high, she didn't qualify for a mortgage.

declaration

A legal document filed in the county or state in which a condominium will be located, declaring the intent of the condominium complex

Ex. Once a declaration is filed with the appropriate governing body, it establishes the existence of the project and divides the airspace into layers of ownership (condominiums).

decline

Stage in neighborhood life cycle in which the area declines in desirability and value

Ex. Homes in a declining neighborhood are more likely to be rented rather than owner-occupied, and the overall level of maintenance is lower.

dedication by deed

Formally conveying a parcel of land to a municipality

Ex. Developer Dan formalized the green space transfer. His dedication by deed was appreciated by the city.

deductible

The amount a policy holder pays before insurance pays on a claim.

Ex. Shania's deductible on her home owner's insurance policy is $1,000. When her neighbor's car ended up in her living room, Shania paid the first $1,000 of the damage; her insurance covered the rest.

deed

A legal document conveying title to or interest in real estate; establishes legal ownership

Ex. A deed's powers of conveyance are dependent on the execution and delivery of the deed between the grantor and grantee.

deed in lieu of foreclosure

A defaulting borrower voluntarily conveys the deed to the lender to avoid foreclosure

Ex. An offer of a deed in lieu of foreclosure does not have to be accepted by the lender; the lender may choose to foreclose.

deed of trust

Similar to a mortgage, in this document, the borrower conveys title for the property to a trust, which holds it as security for the lender

Ex. Some states use deeds of trust; others use mortgages. Often ""mortgage"" is used even when a person means deed of trust.

deed restriction

A private control which limits the use or appearance of a given property

Ex. Manny's deed restriction prevented him from using his property to raise horses.

Deeds of Conveyance

A legal document to show title has been transferred from one person to another. This can be done as a gift, exchange, lease, or mortgage. This is also called a conveyance deed.

Ex. A women's father verbally passes his property to her. A few years later, the man dies without a will. Without a deed of conveyance, the woman is at risk for losing the ownership and rights to the property. A conveyance deed would have assured her of transferring the property legally.

default

Failure to pay on a loan.

Ex. In recent years, many buyers strategically defaulted on their home loans when it became clear that the home was a bad investment.

defect

A material adverse condition of a property

Ex. The roof needed to be replaced, which was a defect the buyer was unwilling to take on. The seller agreed to make repairs, and the transaction closed.

defendant

The party answering a criminal or civil charge in a court case.

Ex. The defendant pled ""Not guilty"" when the judge inquired.

deficiency judgment

A legal condition in which a court issues a personal judgment against a foreclosed homeowner or short sale seller when the sales proceeds aren’t enough to cover the debts owed

Ex. In order for a lender to pursue a deficiency judgment, the lender has to go to court.

deficit

When spending and bills are more than revenue

Ex. At the end of each month, Mimi had to use her credit card to pay some bills because of the deficit between her earnings and her bills.

delinquency

Failure to make a payment (e.g., a mortgage payment) when due. Even before a late fee applies, if it's past the due date to pay the loan, the payment is late and the loan is delinquent. A delinquency beyond 30 days prompts a report to the credit bureaus.

Ex. Due to frequent delinquencies on her automobile loan, Ruby's credit score declined, and she was unable to qualify for a home loan.

delivery and acceptance

Delivery is the act of giving the deed to the grantee; acceptance is the grantee's receipt of the deed.

Ex. After the buyer and seller closed on the transaction, the deed was delivered to the title company, who provided an acknowledged copy to the buyer. The recording of the deed presumed buyer's acceptance.

demography

Social and economic statistics of a population

Ex. The demographic makeup of Huntsville included 80% Caucasians, 4% master's level graduates, 50% income level over $75,000, and 25% single heads of household.

depreciable basis

Basis used to calculate the tax deduction allowed for a property's depreciation each year

Ex. The depreciable basis of an investment property excludes the value of the land it sits on

depreciation

Loss in property value from any cause

Ex. After factoring in the depreciation of the building, the appraised value was lower.

depression

The lowest point in the economic cycle

Ex. ""Sure, things were bad,"" said Hope, ""when all we had was a recession, but now we're in a full-blown depression. It can't get any worse."

description

The legal description of a property is formal within a deed. It may be either metes and bounds, reference to a plat, or lot and block.

Ex. Attorney Ernie told grantor Gene that his deed would not be acceptable. Instead of a legal description of the property, Gene had written the street address.

designated agent

An agent who represents one party in a transaction while another agent who works for the same broker represents the other party

Ex. Because she was a designated agent, Michelle represented only the seller in the transaction; her colleague, Tim, represented only the buyer in the same transaction, as the buyer's designated agent. Their broker Jill is a dual agent.

developer

A person who acquires land to build on it for profit.

Ex. Jerry's dad is a developer who is predominately a subdivider.

development cost

Cost of developing a property

Ex. Jerry's dad always considered development costs (acquiring the land and constructing the buildings) as part of his due diligence.

devise

To leave something to someone in a will

Ex. When Milt died, he devised all his property to his cat, Cleo.

devisee

A person who inherits property from a will

Ex. "I have three children," Sherman said. "I would like all of them to be equal devisees in my will."

devisor

One who devises (gives something, such as real property) in a will

Ex. Marje, the devisor, willed her home to her favorite nephew after she passed.

direct cost

The cost of labor and materials; does not include fees.

Ex. Marvin's direct costs in building the complex were $6 million. His indirect costs were another $475,000.

directional growth

The general trend toward which a neighborhood appears to be headed

Ex. Directional growth is considered by appraisers because it plays a part in determining various principles of value, such as supply and demand and highest and best use. So a property located within an "up and coming" neighborhood might be valued higher than a similar home in a neighborhood that seems to be in decline.

disability or handicap

A physical or mental impairment that limits a major life activity

Ex. Because of her disability, Megan was allowed to have an assistance animal in her apartment.

disabled licensee

A licensed person who's under severe disability of such a nature to prevent that person from being able to attend any instruction lasting at least three hours in duration

Ex. Although required to attend an in-person class, Mavis, a disabled licensee, was allowed to take her course online.

disclosure

Providing information to the principal, or any party to a transaction, that is required to be provided by law. Disclosure is one of the duties required of an agent.

Ex. Agents have the duty of disclosure of whom they represent, and all material facts relating to the property in a transaction.

discount points

Points a lender charges at closing; buyers sometimes opt to pay points to get a lower rate or to buy down the interest rate

Ex. Xavier decided to purchase 2 discount points to reduce the interest rate on his mortgage from 6% to 5.5%.

discount rate

The interest rate that Federal Reserve district banks charge when loaning money to member banks, which borrow money and use commercial paper as collateral for the loan

Ex. The First National Bank of Aurora borrowed a substantial amount of money from the area Federal Reserve bank using the discount rate.

disintermediation

A lack of mortgage funds available from lenders due to the pull out of depositor funds (to make other investments that provided greater yields).

Ex. When depositors withdrew their funds en masse from the banks, lenders were longer able to finance mortgages. This disintermediation caused a decline in housing sales.

doctrine of laches

A legal condition in which unused or unclaimed rights may be lost

Ex. Although the covenants of the Happy Camper Mobile Home Park prohibited pets, this restriction was not enforced, and eventually disappeared through the doctrine of laches.

Dodd-Frank Wall Street Reform and Consumer Protection Act

The act that brought about the creation of one set of mortgage loan disclosures (the Loan Estimate and Closing Disclosure) that TILA and RESPA require

Ex. Borrowers must receive the Loan Estimate and Closing Disclosure within their prescribed timeline prior to the real estate closing.

doing business as (DBA)

A trade name.

Ex. James Buford's trade name was Best Realty. He was registered as ""James Buford, DBA Best Realty.""

dominant tenement

The estate that benefits from an easement

Ex. Cindy had an easement through her neighbor's property to access the main road. Cindy's property is the dominant tenement.

dower

A wife's interest in the real estate owned by her deceased husband; a form of legal life estate

Ex. Millie's husband died without a will, and penniless, but at least she had a dower's interest in the property they owned.

down payment

The amount of cash a buyer contributes to the purchase price (as opposed to borrowed funds)

Ex. The Kimballs' loan requires them to put at least 20% down. This down payment will go toward the purchase price, and they will obtain financing for the other 80 percent. When they make their offer, the Kimballs include earnest money--a down payment of 10% to the seller's attorney. At closing, this amount will be deducted from the cash they need to bring to fund the purchase.

down payment assistance programs

Helps reduce the amount of money homebuyers need to have saved to put down on a home; program requirements apply; include grants and/or funds for closing costs, second mortgage grants and deferred loans, and mortgage credit certificates (MCCs)

Ex. One of the most satisfying aspects of Bob's career was helping moderate-income families attain their goal of homeownership.

drainfield

Either a number of trenches or a space lined with gravel or sand that naturally filters septic system water and releases it back into the soil

Ex. It's important that drainfields are kept clear of trees or shrubs so that their roots don't impede the filtered water from draining out of the septic tank.

drawee

The person ordered in a draft to make the payment.

Ex. Matthew signed a check instructing his bank, the drawee, to pay his babysitter out of his checking account.

drawer

A person who signs a draft and orders the payment.

Ex. As drawer, Matthew signed a check instructing his bank to pay his babysitter.

dual agency

Representing both sides in a real estate transaction

Ex. Dual agency may be either singular dual agency, where one agent represents both the buyer and seller in a transaction, or dual agency with designated agents where two agents from the same firm each represent a side of a transaction and their broker is the dual agent.

due diligence

Appropriate assessment and investigation

Ex. Before his clients purchased a parcel of land that was formerly used for industrial purposes, Jerry recommended they perform a due diligence environmental assessment.

due-on-sale clause

A mortgage clause that requires the borrower to pay off the loan balance when selling the property

Ex. Mortgages with due on sale clauses are not assumable.

due process of law

The right of those involved in a legal matter to a a legal proceeding conducted according to prevailing rules and regulations.

Ex. When they shot Billy the KId without a trial, he was denied due process of law, but he likely would have been hung anyway.

duress

Pressure, under threat of harm of some sort

Ex. Because Baba signed the contract under duress, it was voidable by her.

DUST

An acronym used in valuation that stands for demand, utility, scarcity and transferability

Ex. Vladimir the appraiser explained how the demand, utility, scarcity and transferability of the property each determined value.\

E - F

earned increment

Increase in property value as a result of an owner's actions (improvements, etc.)

Ex. Ina added a two-bedroom addition to her home, which resulted in a hefty increase in her property's value.

earnest money deposit

An amount of money the buyer places in escrow or trust to show good faith in the buyer's intention to purchase the seller's property

Ex. Candace cautioned her sellers not to accept an offer that did not come with earnest money. "If the buyers are sincere," she told her clients, "they will provide an earnest money deposit to demonstrate that sincerity."

easement

The authorized use of another's property for a specific purpose; runs with the land

Ex. Easement is a non-possessory right to use another's property. It does not involve ownership.

easement appurtenant

This type of easement involves two landowners with adjoining property; one holds the dominant tenement or estate; the other the servient.

Ex. When Mutt agreed to allow Jeff access to his property to reach the bay, they created an easement appurtenant. Mutt's estate became servient.

easement by condemnation

This is government taking of private property for public use

Ex. The road Karen lived on was being widened; she and all of her neighbors were subject to an easement by condemnation of the front four feet of their property. They were compensated, however, and Karen went to Maui.

easement by grant

This type of easement is created with the express written agreement of the landowners, often in a deed.

Ex. When Gary decided to sell off part of his property, he made sure to include in the deed an easement by grant that allowed him to continue to walk the forest trail.

easement by implication

An easement that is implied by the conduct of the parties.

Ex. When Karen sold the mineral rights to her property, she granted the mining company an easement by implication to enter her property and mine for gold.

easement by necessity

An easement created to benefit a landlocked property owner.

Ex. Burt's property had no access to the main road. To get there, he had to cross his neighbor's property. Luckily his property had an easement by necessity to do so.

easement for light and air

An easement to restrict another property owner from blocking your light and air.

Ex. Brandy was worried that her neighbors would build up, blocking much of her light and air. She purchased an easement to prevent them from doing so.

easement in gross

The easement owner does not own land adjacent to the property on which the easement applies. This is typically a governmental easement or a public utility easement.

Ex. The power company had an easement by gross on Sam's street. It gave the power company the right to come on to Sam's property, and that of his neighbors, to repair lines.

eave

The overhang of a sloped roof.

Ex. It was raining so Micha, who was locked out of her house, stood under the eaves while she waited for her husband come unlock the door.

effective age

An appraiser's estimate of the physical condition of a building (actual age may be shorter or longer).

Ex. Because the owner of the Babson Village building performed regular maintenance, the appraiser determined its effective age to be 10 years younger than its actual age.

electromagnetic field (EMF)

High-frequency radio waves in which the magnetic and electric fields are inseparable

Ex. EMFs are everywhere, and although evidence as to their harm is inconclusive, it is wise to limit exposure where possible.

emblements

Growing crops, such as decorative trees or corn, which are produced annually; usually not considered fixtures, but are the personal property of the person who planted them

Ex. The Swansons grew wine grapes on their property, and when it was time to sell their vineyard, their latest plantings were considered emblements and were not part of the property price; these were sold separately to the buyer.

eminent domain

The power of the government to take private property for public use

Ex. The new highway was going to cut right through a neighborhood; the government took the property for the highway, compensating the property owners at fair market value.

employee

A worker whose employer controls the details of the worker's performance

Ex. An employer will withhold taxes on behalf of an employee from the employee's paycheck.

encroachment

The illegal intrusion of some structure or object across a property boundary line

Ex. Jimmy hadn't realized that the three-bay garage he built was an encroachment on his neighbor's property of two feet. He would either have to move it or compensate his neighbors.

encryption

A security measure that turns electronic information into an undecipherable code

Ex. Security measures that Elite Realty uses includes encryption of all of its sensitive online data.

encumbrance

A limitation on a property title, such as a lien or easement

Ex. Cathy was happy to see from the title report that the only encumbrance on the property she was buying was a power company's easement in gross.

endorsee

The person to whom a draft or check is made payable to.

Ex. When Shelly's aunt Teresa sent him a check, she endorsed it by signing it. At that point, Shelly was the endorsee. Then Shelly endorsed it by signing his name on the back.

endorser

The person who signs the draft or check to be paid.

Ex. When Shelly's aunt Teresa sent him a check, she endorsed it by signing it. Then Shelly endorsed it by signing his name on the back.

environmental impact statement (EIS)

A report that describes and analyzes a proposed action that may impact the environment

Ex. The State Environmental Quality Review uses the environmental impact statement to determine what steps may be necessary to reduce the impact of a proposed action on the environment.

Environmental Protection Agency (EPA)

Federal agency that aims to protect human health and the environment

Ex. The EPA aims to, among other things, Ensure that all Americans are protected from significant health risks and environmental issues at their homes, schools, and workplaces; and decrease national environmental risks based on the best scientific information available.

Environmental Quality Incentives Program (EQIP)

Provides financial and technical assistance to landowners who put conservation practices into place on their agricultural and non-industrial private forestland

Ex. EQIP practices focus on natural resource concerns, working to improve soil, plant, animal, water, air and other resources, and are financed through contracts of up to 10 years.

Equal Credit Opportunity Act (ECOA)

A 1974 federal law that prohibits discrimination based on protected class status when providing credit

Ex. Due to ECOA, minorities of all types now have equal access to credit at fair terms.

equilibrium

Stage in neighborhood life cycle characterized by stability and steady property values

Ex. A neighborhood will likely stay in this stage for several years until time begins to take a toll on homes, and the inevitable deterioration becomes evident.

equitable lien

A monetary encumbrance that's placed on a property as a result of a court order

Ex. The court allowed an equitable lien to be placed on a property in order to make the owner pay out a lien that was placed previously and was unpaid.

equitable title

A right in property to have legal title conveyed once terms of the purchase agreement are met.

Ex. When a buyer purchases through a land sales contract, the seller holds legal title until the final payment is made. In the meantime, the buyer has equitable title

equity

The amount of value in a property after debts associated with financing have been paid

Ex. After one year, Cameron's property had increased in value by 20%, and his equity went from $10,000 (his down payment) to $40,000 (the value after his loan balance).

equity buildup

The increase in equity due to increase in value in a property.

Ex. After one year, Cameron's property had increased in value by 20%, and his equity went from $10,000 (his down payment) to $40,000 (the value after his loan balance). His equity buildup was $30,000.

erosion

The wearing away of land by wind, water, and other natural disturbances

Ex. Kalmut decided to landscaping to help prevent erosion of the soil on the sloped property.

errors and omissions (E&O) insurance

Protects licensees in the event of an inadvertent omission or error in real estate practice that causes financial harm to a consumer

Ex. E&O can be purchased from a commercial insurance provider for a relatively small annual fee, and may be used to cover legal costs in the event of a lawsuit.

escalation clause

A clause in a purchase offer that allows buyers to state they'd pay more for the property if a higher competing offer comes in

Ex. Jerome's escalation clause stated, "The buyer is willing to increase his offer to $1,000 over the highest offer received, with the purchase price limited to $245,000."

escheat

The state's power to claim the estate of a deceased person who left no wills, heirs, or creditors

Ex. When Rhonda passed away, she had no will, no heirs and no creditors. The state took possession of her mobile home and collection of Elvis paintings through the power of escheat.

escrow

A neutral repository for client trust funds

Ex. Jillian, a sponsoring broker, deposits all client earnest money funds into a neutral escrow account until the transaction is completed or terminated, at which time she instructs the funds be disbursed according to the contracted terms.

escrow account

A special account that's separate from any other business or personal accounts; typically used to hold earnest money

Ex. One of Barb's duties was to manage the escrow account for her firm's transactions.

escrow analysis

A lender's look at how escrow funds on deposit by a borrower are holding out. The lender may make adjustments based on anticipated expenses (taxes and insurance).

Ex. After Julianne's lender performed an escrow analysis, it determined she was short $249, and invoiced her, giving her the option to pay it in one lump sum, or by increasing her monthly mortgage payment.

escrow disbursement

The spending of escrow funds to pay property taxes, hazard insurance, mortgage insurance, etc., when due.

Ex. Michelle's lender made an escrow disbursement of $547 to pay her annual hazard insurance.

estate

Interest in land; alternatively, assets owned by a deceased person

Ex. Rights of ownership in land are determined primarily on the type of estate held. A leasehold estate, merely gives the right of possession, where a freehold estate involves ownership.

estate at sufferance

A type of possession in which a tenant stays after the right to possess has terminated

Ex. Bradley's lease was terminated lawfully but Bradley refused to leave. He is not a trespasser, even though he is not there legally; he has an estate at sufferance.

estate at will

Leasehold estate in which the duration of the lease is unknown at the time it's created; may be terminated by either the lessor or lessee at any time

Ex. Shelby's lease is month-to-month; she has an estate at will.

estate for years

A fixed-termination type of lease that may be for a day, week, month, year, several years, or any definite period of time; when the specified date occurs, the lease terminates automatically

Ex. Carmine agreed to rent Bill's apartment for 11 days, after which their lease terminated. This is an estate for years, even though it is only for 11 days.

estoppel

A legal concept that says that a person may not disavow something that the person had previously affirmed either by action or words

Ex. Marjorie told the buyers that Kindra was her agent, even though they had no written agreement. Marjorie cannot later assert that Kindra isn't her agent.

ethics

Beliefs and behaviors that are dependent on a person's conscience and values

Ex. With certain exceptions, there is no external punishment for an ethical breach, as there is for breaking a law.

et ux

Et uxor ""and wife.""

Ex. Ginger was surprised to see the archaic Latin term ""et ux"" meaning ""with wife"" used in her uncle's deed.

evaluation

A usability study that does not include or refer to an opinion of value

Ex. One of the most important considerations when evaluating a potential investment property is location. It can help predict whether a stream of ready tenants will be available.

eviction

A legal action to remove the tenant and the tenant's belongings from the premises

Ex. Mona hasn't paid her rent in months, so her landlord, Ewan, took her to court and won the eviction rights.

examination of title

The title report derived from public records or an abstract of title.

Ex. A preliminary examination of title turned up another owner with a claim to the property.

exclusive agency

A listing agreement in which the broker doesn't earn a commission if the seller procures the buyer

Ex. Because James had signed an exclusive agency agreement with his broker, Jackie, James had the option of selling his house himself and not paying a commission.

exclusive listing

A written contract between a seller or building owner and a real estate licensee giving the licensee the exclusive right to sell or lease the property during the term of the listing agreement.

Ex. Jack had an exclusive listing with Mark to sell his apartment building. When Janice brought Mark a buyer, and the transaction closed, Jack earned the listing commission.

exclusive right-to-sell

A listing agreement in which the broker has earned a commission no matter who finds the buyer for the property during the term of the listing

Ex. To protect her commission, Amy always asked for an exclusive right to sell agreement when working with sellers.

executor

One named in a will to carry out the deceased wishes in regard to distribution of property. The female term is "executrix" but "executor" is becoming more commonly used for both genders.

Ex. Don was named executor in his aunt's will. Don is charged with the responsibility to ensure that her last wishes are carried out.

executor's deed

Conveys real property from a decedent's estate to a buyer

Ex. An executor can only convey an executor's deed if the will or court of law grants the executor the authority to do so.

exemption

An exception from the rules

Ex. Although individuals must be licensed to perform real estate activities for a fee, an exemption applies for attorneys, who need not be licensed to perform real estate activities for a fee, provided they do not have real estate salespersons in their employ.

express agency

An agency agreement entered into when both parties agree to and understand the arrangement via written or oral communication between the parties

Ex. Although a verbal exchange between the parties can create express agency, it is vital that a real estate agent get an express agency agreement in writing. An oral agreement may not hold up in court if there is a dispute about whether the commission has been earned.

external depreciation

Aka economic obsolescence; decrease in property value due to external issues such as pollution, traffic, and other nuisances

Ex. Lance's investment property diminished in value when a factory belching fumes 24x7 was built nearby. Because external obsolescence cannot be cured, this resulted in a significant loss on his investment.

facilitator

One who assists but does not represent the parties

Ex. Chuck agreed to do the paperwork for his brother and uncle when his uncle sold his brother the property. Chuck acted as facilitator and did not represent either of them.

Fair Credit Reporting Act

A consumer protection law regulating disclosure of consumer credit reports by credit reporting agencies and establishes procedures whereby consumers can correct mistakes in their records

Ex. The Fair Credit Reporting Act passed in 1970 with the mission of ensuring fairness, accuracy and privacy of the personal information contained in the files of the credit reporting agencies.

Fair Housing Amendments Act of 1988

Added familial status and disability to the protected classes list

Ex. Families and persons with disabilities are now protected classes thanks to the Fair Housing Amendments Act of 1988

fair market value

The price that a willing buyer and seller would agree to, given market conditions and absence of duress.

Ex. When a bidding war ensued, the fair market value of all properties in the city shot up.

familial status

A protected class status under the Fair Housing Act which prohibits discrimination against families with children under 18, including pregnant women.

Ex. When the landlord posted a sign that read: “One heartbeat per bedroom” the result could be discrimination based on familial status as families with children who share bedrooms would be prohibited from tenancy.

family

Among other definitions, this includes one or more persons living as a single housekeeping unit

Ex. A family as defined by the courts, does not necessarily have to be related by blood.

Fannie Mae

FNMA, the Federal National Mortgage Association; a private, for profit corporation that operates under a congressional charter that buys loans in the secondary mortgage market from lenders in the primary mortgage market

Ex. FNMA creates the secondary mortgage market by purchasing and guaranteeing mortgages that meet its funding criteria.

Farmer Mac

The Federal Agricultural Mortgage Corporation, created by Congress, provides a secondary market for agricultural mortgage and rural utilities loans.

Ex. Farmer Mac is not a direct lender,b ut instead works with lenders to increase availability of long-term credit at stable interest rates to rural America.

Farm Service Agency

A federal agency that provides financing assistance to farmers and other individuals in rural and farm communities.

Ex. Jebediah moved his family to a farm thanks to the loan he was able to obtain with the assistance of the Farm Service Agency.

fascia

The area of material facing the outer edge of the soffit.

Ex. The fascia is a board, either 1”x6” or 1”x8” that is perpendicular to the soffit. Gutters are attached to the fascia.

Federal Fair Housing Act of 1968

Prohibits discrimination based on race, religion, color, and national origin in the sale or rental of residential real estate

Ex. The Federal Fair Housing Act of 1968 also created the Office of Fair Housing and Equal Opportunity.

federal funds rate

The interest rate for loans made by member banks to other member banks that want to borrow money without collateral for a short period (usually overnight)

Ex. Smalltown Bank needed a short-term loan and borrowed money from another bank overnight with a lower interest rate known as the federal funds rate.

Federal Housing Administration (FHA)

The Federal Housing Administration (FHA) is an agency of the U.S. Department of Housing and Urban Development. It sets underwriting standards for loans it insures, but it doesn't make loans.

Ex. Rita obtained an FHA loan, allowing her to put just 3.5% down, and she also appreciated that her loan's credit score requirements weren't as strict as for conventional loans.

Federal Housing Finance Agency (FHFA)

Oversees Fannie Mae and Freddie Mac and regulates the 12 Federal Home Loan Banks

Ex. In addition to its oversight and cleanup responsibilities, FHFA sets limits for conforming loans and percentage targets for loans made to low- and moderate-income borrowers.

Federal Reserve System

Aka "The Fed"; a national banking system that helps to control inflation and deflation by regulating interest rates and reserve fund requirements of its member banks

Ex. Because Amazing Loan Company was not part of the Federal Reserve System, it did not have to adhere to its reserve or interest rate requirements. Borrowers beware--this lender might charge usury rates!

Federal Trade Commission Act

A federal law passed to prevent unfair methods of competition and deceptive advertising; created the Federal Trade Commission

Ex. The FTC Act is the primary statute of the Federal Trade Commission.

Federal Trade Commission (FTC)

A federal body formed through an act of Congress in 1914 with the power to declare trade practices that conflict with basic policies of antitrust legislation to be unfair

Ex. The FTC has the authority to enforce compliance with the Sherman Act and sections of the Clayton Act, which supplements the Sherman Act.

fee simple

An inheritable estate with ownership

Ex. When Yvette was investigating condos in Hawaii, her friends told her, “Be sure to look for a fee simple. You don’t want a leasehold—you can’t pass that on, and it’s not worth as much.”

fee simple absolute

An inheritable estate with absolute ownership; provides the most complete form of ownership and bundle of rights in real property

Ex. When Yvette was investigating condos in Hawaii, her friends told her, “Be sure to look for a fee simple. You don’t want a leasehold—you can’t pass that on, and it’s not worth as much.”

FICO score

Fair Isaac Corporation score; the most widely used credit score, based off information in the credit reports produced by the three credit bureaus (TransUnion, Equifax, and Experian)

Ex. FICO scores range from 300?850. The higher the score, the lower the credit risk.

fiduciary

A person in whom another’s trust and confidence is placed

Ex. A property manager is the fiduciary agent of the owner; as such the property manager must act in the owner’s best interest.

fiduciary duties

The duties of obedience, loyalty, disclosure, confidentiality, accounting and reasonable skill and care comprise the list of fiduciary duties an agent owes the principal.

Ex. Fiduciary duties can best remembered by the acronym, OLD CAR.

filtering down

The phenomenon where housing that used to be occupied by middle and upper income people decline in quality and value and become available to people of more modest income.

Ex. It is a common belief that the needs for additional housing on the part of low income buyers can be met by the production of new housing for higher income groups. Thus, used houses will be released to be passed down to successively lower levels until the effect has reached the bottom of the market. This process is referred to as filtering down.

first mortgage

A mortgage in first place among other recorded loans. Receives payment first in the event of a foreclosure.

Ex. Nan obtained a first mortgage when she purchased her house, and a second mortgage several years later. When she was foreclosed on, the first mortgage was paid off first from the proceeds of the foreclosure sale.

first substantive contact

The point at which agency disclosure must be given to a consumer; typically, when the consumer wants or needs to disclose confidential or compromising information

Ex. Karen made it a point to treat every first meeting with a consumer in which they discussed real estate as a first substantive contact; in this way she never failed to provide the agency disclosure.

fixed expense

An expense that is not dependent on the number of tenants.

Ex. Lawn maintenance is an example of a fixed expense; the cost remains the same no matter how many tenants are in the building.

fixed-rate loan

A loan where the principal and interest payment remains the same over the life of the loan

Ex. Fixed-rate loans were seen as a safer choice after adjustable-rate loans contributed to the mortgage crisis of the late 2000's.

fixture

An item that is permanently attached to real property.

Ex. The bookshelves in the dining room were built-in; they were a fixture and could not be removed by the seller.

flashing

Metal or rubber strips installed at corners and edges of roofing, chimneys, etc., to prevent moisture penetration.

Ex. Improper installation of flashing can allow water to seep into a house or under roof tiles, damaging the roof.

flipping

A purchase of real property with the intent to quickly resell.

Ex. Some real estate investors make their money by purchasing properties, fixing them up, and flipping them.

flip tax

A tax imposed upon the selling of a cooperative. Usually paid by the seller, but may be paid by the buyer or split between them.

Ex. When Georgia sold her cooperative shares, she was required to pay a flip tax to the cooperative corporation.

flood insurance

Required when properties are in designated flood areas; covers the costs of damage resulting from flooding

Ex. Because Nolan's property was in a designated flood area, he was required to purchase flood insurance. He was glad he did when his property later flooded, and his insurance compensated him for the damage.

floor area ratio (FAR)

Total net floor area divided by the total lot area

Ex. The floor area ratio can be used in zoning to limit the amount of construction in a certain area. For example, if construction must adhere to a 0.10 FAR, then the total area of all floors in all buildings constructed on the parcel must be no more than one-tenth the area of the parcel itself.

footing

A concrete base below the frost line that supports the foundation.

Ex. The footing supports the foundation wall, and therefore the entire structure of the building.

foreclosure

A lender forces the sale of a property because the buyer has defaulted on the loan

Ex. The foreclosure process varies by state and can take as little as 60 days and as long as two years or more.

Foreign Investment in Real Property Tax Act of 1980 (FIRPTA)

The disposition of a U.S. real property interest by a foreign person (the transferor) is subject to the Foreign Investment in Real Property Tax Act of 1980 (FIRPTA) income tax withholding.

Ex. Because the seller was from Canada, FIRPTA applied, and the buyer of the property was required to withhold a percentage of the sales price to ensure payment of taxes owed.

formaldehyde

A product used in the manufacture of urea-formaldehyde foam insulation, paneling and other products that is a chemical air pollutant.

Ex. Because the formaldehyde-containing insulation in his home had been installed nearly 20 years ago, Jason was not overly concerned about any off-gassing effects.

foundation walls

Masonry or concrete walls below ground level that serve as support for the structure.

Ex. Foundation walls also form the sides of the basement area, and inspectors will usually investigate for significant cracking here.

framing

The "wooden skeleton" of a home to which interior and exterior walls are attached

Ex. Once the framing was in place, Martina could actually walk through her new house-to-be and get a good feel for what the finished product would be like.

fraud

Trickery or deceit to induce someone to do something, especially in a real estate contract; may involve concealment of material facts, providing false information, or using trickery

Ex. Fraud can involve concealment or omission of material facts in order to induce a party to do or not do something.

Freddie Mac

The Federal Home Loan Mortgage Corporation (FHLMC) which increases the availability of financing for conventional mortgages insured by the federal government by purchasing them from lenders in the primary market.

Ex. Because Fannie Mae and Freddie Mac guarantee payments in the event of buyer default (for a fee), investors don't have to worry about credit risk. However, participating lenders must adhere to FNMA and FMAC financing guidelines.

freehold estate

An inheritable estate with absolute ownership

Ex. When Yvette was investigating condos in Hawaii, her friends told her, “Be sure to look for a freehold estate. You don’t want a leasehold—those are temporary, and not worth as much.”

Freon

Hydrochlorofluorocarbons

Ex. Freon is a non-toxic, extremely stable chemical substance used in most home air conditioning units.

friable

Flaky, crumbly

Ex. Asbestos that has aged often becomes friable; touching it at all may release dangerous fibers into the air.

frontage

Also see front foot. The linear measurement of a property that abuts a street, highway, waterway, etc. Also called frontage.

Ex. The houses along Elm street received a special assessment for street improvements based on the frontage measurement of their lots.

front foot

Aka frontage; the linear measurement of a property that abuts a street, highway, waterway, etc.

Ex. Seamus's property had 200 feet of river frontage, which made it more valuable than his neighbor's property, which only had 40 feet of river frontage.

full covenant and warranty deed

Aka general warranty deed; a deed that grants the most protection to the buyer because it carries all the possible covenants of the grantor

Ex. Nellie was nervous about accepting a deed that was not a full covenant and warranty deed. She was worried that her title might be impacted by another's claim or an unknown encumbrance.

full-service lease

The base rent, the nets, utilities, and janitorial services are included in one lease rate, based on price per square foot

Ex. Don't confuse this with a NNN lease, where the tenant pays these charges separately. By including charges for these in the base rent, the base rent remains stable over time.

functional obsolescence

A decrease in property value resulting from poor or outdated design or material

Ex. Because Seamus's property was built using asbestos siding, ceiling tile and floor tile, it was functionally obsolete.

fuse

A device that melts and opens the circuit, interrupting electrical power when overheating occurs.

Ex. Fuses are still in use in many older homes; the problem is, they give their "life" for the cause and must be replaced when they do their job correctly (because they melt).

G - H

general agent

A person who is authorized to act for another (the principal or client) in a range of matters

Ex. A property manager is the general agent of the owner, and acts for the owner in most matters related to the property.

general lien

A lien against a person and all the property owned by that person, whether real or personal (e.g., judgments, estate and inheritance tax liens, income tax liens)

Ex. When Fred sued his contractor, he won a judgment for a general lien against him.

general partnership

A partnership in which each partner shares in the administration, profits, and losses of the venture

Ex. Because John was a general partner, when the investment lost money, he went bankrupt.

general warranty deed

A deed that grants the most protection to the buyer because it carries all the possible covenants of the grantor. Also known as a full covenant and warranty deed.

Ex. Nellie was nervous about accepting a deed that was not a full covenant and warranty deed. She was worried that her title might be impacted by another's claim or an unknown encumbrance.

Ginnie Mae

Government National Mortgage Association (GNMA); a federal agency located within the Department of Housing and Urban Development (HUD) that establishes requirements for loans that can be accepted into its mortgage pool

Ex. Ginnie Mae issues guarantee certificates, similar to a U.S. government bond and pays the certificate holder interest rates 1% to 1.5% higher than government bonds.

girder

Another term for “beam” which spans the distance from one side of the foundation to the other on which the joists rest for support.

Ex. Although girder and beam are often used interchangeably, girder often means that it is made of steel; beam is used more often with wood.

good funds

Funds that are immediately available to the closing company for deposit and disbursement

Ex. The closing company required the buyer to pay with good funds to prevent delays due to funding. The buyer could use a cashier's check, certified check, or wire transfer.

government loan

A loan guaranteed, insured, or (in limited cases) made by an agency of the federal government

Ex. Both VA and FHA are types of government loans. They're not made directly to consumers, but are instead guaranteed (VA) or insured (FHA) by an agency of the federal government.

government-sponsored enterprises (GSEs)

Private companies such as Fannie Mae, Freddie Mac, and the Federal Home Loan Bank, created by the U.S. Congress to make borrowing easier and more cost effective

Ex. GSEs are not government entities, but are backed by the U.S. government.

Gramm-Leach-Bliley Act

Enacted to legislate reforms in the financial services industry and to address concerns relating to consumer financial privacy

Ex. The act limits when a financial institution can disclose a consumer's non-public personal information to non-affiliated third parties. In addition, financial institutions are required to notify consumers about their information-sharing practices using a "clear and conspicuous" written privacy notice and must give consumers the right to opt out if they do not want their information shared with third parties.

grantor/grantee

The grantee is the recipient of the deed (usually the new buyer); the grantor is the giver of the deed (usually the seller)

Ex. When Carol bought Todd's property, she was given a deed by Todd. Todd was the grantor, and Carol was the grantee.

grantor/grantee index

Collective name of two lists that the county recorder updates when a property is transferred

Ex. One list is an alphabetical list of all the grantees, and one is an alphabetical list of all the grantors. Together, these lists establish chain of title, beginning with the current owner

gross domestic product (GDP)

The quantity of goods and services our country produces, which influences demand for commercial properties

Ex. Business in Pottersville was booming, thanks to the upswing in the GDP.

gross income

Income before expenses are deducted

Ex. When Cari computed her gross income it looked fantastic! But by the time she deducted her expenses and found her net income, she thought, "Now that's gross!"

gross income multiplier

A figure used as a multiplier of gross annual income of a property; used to estimate property value for properties of five-plus units.

Ex. The GIM represents the ratio between the sales price and effective gross income. GIM = sales price divided by effective gross income.

gross lease

The tenant pays a fixed rent and the landlord pays all operating expenses; most common type of lease used in residential rentals

Ex. Matilda made sure her lease would be a gross lease; she wanted a fixed rent and didn't want any part in sharing the operating expenses of the home.

gross rent multiplier

A figure used as a multiplier of gross monthly rent of a property; used to estimate property value for properties of one to four units.

Ex. The GRM = Price divided by gross rent.

groundwater

Water found beneath the earth's surface that collects in aquifers

Ex. When oil tanks leak, their chemicals can contaminate groundwater.

group boycotting

An illegal agreement between parties to not do business with a particular person or company

Ex. The group boycott of the limited services firm was an antitrust violation.

group home

As defined in fair housing law, a dwelling occupied by two or more unrelated people with disabilities

Ex. The disabilities may be physical, developmental, or behavioral, and support services may or may not be provided to the individuals.

growth

Stage in neighborhood life cycle during which the neighborhood is under development and property values will steadily increase

Ex. This stage is usually evident until most of the building sites in the area are developed, at which point it will enter the equilibrium stage.

habendum clause

A deed clause containing the words "to have and to hold," and which describes the interests and rights of the grantee

Ex. The habendum clause provisions must agree with the provisions stated in the granting clause.

hammer price

Amount of the final, successful auction bid, signaled by a bang of the auctioneer's gavel

Ex. Glen was excited that the hammer price for his foreclosed property was enough to give him a little money after the lender and other costs were paid.

Hart-Scott-Rodino Act

Gives state attorneys the general the authority to sue on behalf of consumers in their states

Ex. States may recover from violators up to three times the amount of damage suffered as a result of violations of the federal Sherman Act.

hazard insurance

Insurance that covers property damage due to fire, wind, vandalism, and other hazards (usually flood insurance is separate).

Ex. When a tornado blew off the roof of her home, Ramona was able to replace it by filing a claim against her hazard insurance.

headers

A solid wood bridge over the opening of doors and windows.

Ex. Headers support the ceiling and roof over door and window openings, which would otherwise be too weak to carry such a load.

hectare

10,000 square meters, or approximately 2.47 acres

Ex. When measuring larger parcels of land, split the land into hectares, which are 10,000 square meters.

heir

Intestate successor

Ex. Eldred died without leaving a will, and the search began for any heirs to inherit his estate.

highest and best use

The legal and feasible use of a property that would return its highest value

Ex. When Shane bought the farm property he knew its highest and best use would be realized by partioning it; that, however was not his dream.

historic preservation/landmark commissions

As the names imply, an historic preservation commission and a landmark commission protect the historic buildings, landmarks and historic sites, such as parks or overlooks. The commissions review and approve applications for construction, alteration, demolition or relocation of an historical property or object.

Ex. Mary was required to gain approval from the historic preservation commission in Greenville when they learned of her plans to remodel an historic property, the Johnson farmhouse.

holder

Someone who accepts a negotiable instrument as payment.

Ex. Burt gave Susan a check for mowing his lawn. Susan is now the holder of the check.

holder in due course (HDC)

Someone who accepts a negotiable instrument for value, without notice that it is defective or overdue.

Ex. When Susan accepted Burt's check for mowing his lawn, she believed the check would be honored. Susan was a holder in due course.

holdover clause

A clause sometimes included in a listing agreement that gives licensees the right to collect a commission after a listing agreement

expires. Also known as a "broker protection," "extender," "extension," "safety," "procuring," or "tail" clause.

Ex. Tanya's property listed with Broker Bob didn't sell during the listing contract period. Tanya engaged a different broker, who sold the property to a buyer who had viewed the property when the listing agreement with Broker Bob was valid. If the contract included a holdover clause, Broker Bob may be entitled to all or part of the agreed-upon commission.

holdover tenant

A tenant who refuses to leave after the expiration of a lease.

Ex. When Bradley refused to leave, even though his lease had been terminated, he became a holdover tenant.

Homebuyers Armed With Knowledge (HAWK)

FHA program aimed at educating buyers in order to reduce defaults on FHA-insured loans; Buyers that complete the program receive reductions in their MIP and other benefits.

Ex. After completing the HAWK program, Sinead's upfront MIP was reduced by 0.5%, and her annual MIP decreased 0.1%.

home equity conversion mortgage (HECM)

The lender makes payments to the homeowner for a specified period of time, and gains corresponding ownership

Ex. Thelma wanted to remain in her home, but she was on a fixed income and needed more funds. She agreed to a home equity conversion mortgage in which a bank made monthly payments to her in return for ownership of her home.

home equity line of credit (HELOC)

An open line of credit based on the available equity in the borrower's home

Ex. Dusty and Susan used funds from their HELOC in order to install a gourmet kitchen, complete with granite counters and two wall ovens.

home improvement loan

Financing for home improvements (such as additions or modernization), with terms of up to five years

Ex. Luis and Sally updated their kitchen after getting a home improvement loan from their local credit union.

home inspection

A thorough examination of a property conducted by a professional home inspector

Ex. Becky and Jorge have made an offer on their first house. They hire a home inspector, who discovers that the foundation supports are rotting. They terminate their contract based on the inspection.

home inspector

An individual who inspects homes on behalf of prospective buyers

Ex. Ralph, a home inspector, charges $500 to inspect a single-family home. It takes in three to four hours, plus the time to write up a report, and travel time.

Home Mortgage Disclosure Act

The Home Mortgage Disclosure Act (HMDA), enacted by Congress in 1975; requires financial institutions to make mortgage data available to the public

Ex. Congress believed that blighted areas were caused in part because financial institutions failed to provide adequate home financing to qualified applicants at reasonable terms and conditions. HMDA requires financial institutions to provide the public with information that demonstrates its actions in serving the housing credit needs of their communities.

Home Mortgage Disclosure Act (HMDA)

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home occupation

A business operated from a residence by the owner of that residence.

Ex. Wanda's residence had use as a home occupation: she was a telemarketer.

Homeowner and Equity Protection Act (HOEPA)

Addresses abusive practices in refinancing and home equity loans by requiring special disclosures and restrictions on loan terms; an amendment to the Truth in Lending Act

Ex. HOEPA's high-cost tests require mortgage loans that fall into that category provide special disclosures and adhere to loan term restrictions.

homeowners association

A governing body made up of homeowners or their appointees to manage aspects of living in a community (e.g. fence heights, paint colors, amenities, etc.)

Ex. The Brighton Wood homeowners association (HOA) scheduled maintenance of the pool and gardens for the enjoyment of the homeowners, who paid quarterly dues for that privilege.

homeowners association (HOA) fee

Dues paid to the homeowners association in a common interest community (e.g., condominium property) to pay for the costs to use

and maintain common area elements, such as landscaping, pools, etc.

Ex. Brenda pays $1,200 on her mortgage, and another $235 each month in homeowners association fees. When she applied for her loan, her total household debt used to calculate her household debt ratio was the combination of her mortgage payment and her HOA dues.

homeowner's insurance

An insurance policy that combines hazard insurance and liability insurance for a home and its contents

Ex. When Jill's property was vandalized and several items stolen, her homeowner's insurance policy paid her claim promptly, and she was able to fix the damage and replace the stolen items.

homeowner's warranty

See home warranty

Ex. See home warranty

homestead

An estate which gives the owner special rights in property used as a family home. For instance, an approved assessing unit may opt to have different tax rates for homestead properties than for non-homestead properties.

Ex. In some states, owners can protect a specific dollar value of their homes from creditor claims if the home is a family home. Categories of homestead properties include condominiums and vacant land not exceeding 10 acres zoned for one-, two- or three-family residential properties, and farm dwellings.

homestead estate

A legal life estate involving long-term ownership within a family

Ex. Janie was happy that her homestead estate protected her home from claims of creditors by preventing the sale of her property for payment of debts so long as the land was occupied as a home.

home warranty

Typically covers items from workmanship and materials to systems and structural issues

Ex. Barb asked her sellers to consider including a home warranty for the buyers.

house rules

Rules of a cooperation or condominium property that shareholders or owners must follow.

Ex. Greener Grass house rules include the requirement to recycle.

Housing and Community Development Act of 1974

Added sex to the list of protected classes

Ex. Thanks to the Housing and Community Development Act of 1974, gender is now a protected class.

Housing for Older Persons Act of 1995

States that communities and facilities that meet certain criteria for providing housing to older persons are legally exempt from the familial status discrimination

Ex. ""55+"" communities are exempt from familial status discrimination as long as at least 80% of their occupied units have at least one person aged 55 or older residing in them.

housing ratio

Qualifying ratio mortgage lenders use to determine the percentage of a borrower's gross monthly income that will be used for housing expenses

Ex. Because Leonard's housing ratio was too high, he had to shop in a lower price range, which would result in a lower priced mortgage.

HUD-1

The unofficial name for a now outdated settlement statement that was provided to borrowers prior to closing

Ex. The HUD-1 form has been replaced by the Closing Disclosure for most residential transactions.

HUD median income

The median family income for a statistical area as determined by the Department of Housing and Urban Development (HUD).

Ex. Certain loan products are designed for those who live below the HUD median income of their area.

I - J

illiquidity

Not easily converted to cash

Ex. One feature of real property is its illiquidity; unlike other assets, it is not considered a liquid asset because it cannot be sold quickly in the event that cash is needed.

impact fees

Fees charged to a developer by a local government to reimburse for costs of providing public services to the new development.

Ex. The subdivision Cheri helped develop required her to pay impact fees to the city to help pay for the construction of offsite capital improvements.

implied agency

Agency that is created from the actions of the parties rather than express agreement; illegal in some states

Ex. It is best to avoid implied agency; instead, get any agency agreements in writing so there is no confusion about representation.

Implied rights to mineral estate

The ability to access the property to extract oil

Ex. It's an implied right that the owner of a mineral estate will be allowed access to the land as needed.

improvement

Anything added to the land which benefits the land, such as a building, driveway, etc.

Ex. Vacant land increases in value when improvements are added.

improvement location certificate (ILC)

Developed from a spot survey; often requested by lenders and title companies when a property changes hands; offers reasonable assurance regarding property boundaries and possible encroachments

Ex. Lenny Lending ordered an ILC to make sure the property they were issuing a loan for was where they thought it was.

incentive zoning

Where a municipality will allow an otherwise prohibited type of construction if the developer will give the municipality something back

Ex. In exchange for being granted the right to construct a building with more stories than customarily allowed, the developer promised to build a community park next door.

income approach

An approach to determining value used for investment properties based on the income it will produce

Ex. Appraisers will use the income approach to value for commercial buildings and multifamily residential. It is seldom used for owner-occupied, single-family residential.

income-producing property

Property that is managed for cash flow and income.

Ex. Commercial, industrial, or residential properties leased to tenants create income for the property owner.

incurable depreciation

A form of physical depreciation indicated by a loss in value that is not economically feasible to remedy because the increase in value from the "fix" would not equal the cost to fix it

Ex. The Bakers had to live with the incurable depreciation of their split level designed home. Even though the design was no longer popular, it was an incurable depreciation they had to face. Fixing it would cost more than they could recoup at sales time.

independent contractor

A person whose work is not directly controlled by a supervisor or manager

Ex. Most licensees work as independent contractors; although brokers are responsible for their supervision, they do not control the details of licensee’s work, hours, location or performance.

index

An economic indicator to which interest rates are applied.

Ex. When the Consumer Price Index rose, all interest rates based on the CPI rose as well.

index lease

Rent either increases or decreases depending on some economic indicator, such as an inflation index

Ex. When Samantha saw the rising gas prices, she knew her rent would go up, too. Inflation meant an inflated rent payment!

indirect cost

A cost for an expenditure other than materials and labor.

Ex. Legal fees are indirect costs of construction.

individual development account (IDA) programs

Aid low- and very low-income households in setting up savings accounts used to purchase a home

Ex. Part of Claire's job at the housing agency was to research and identify the best IDAs for their clients.

industrial property

A type of real property used for industry

Ex. Examples are warehouses and factories.

informed consent

Agreement as to the agency relationship a consumer accepts after considering all options available

Ex. Until a consumer understands the particulars of each agency agreement available, it is impossible to provide informed consent.

infrastructure

Community services such as water, sewer, utilities, schools, roadways, medical, fire and police support

Ex. Because of inadequate infrastructure, a two-year moratorium on new developments was enacted by the planning board.

initial cap

The amount the interest rate may adjust up upon the first rate adjustment in an adjustable rate loan

Ex. A loan has a margin of 2% and is based on an index, which is at 3%. The loan's initial interest rate is 5%. The loan's cap structure is 2/2/5. At the first adjustment, the index is at 4%, so the new interest rate is 6%. This is a 1% adjustment, below the initial cap of 2%.

in rem

A proceeding in which the assessor brings a lawsuit to collect property taxes due

Ex. An in rem procedure is brought directly against a property, and not the property owner.

inspection contingency

Contract clause that allows the buyer to terminate if an issue arises during the inspection that can't be successfully negotiated

Ex. If a repair issue arises that's more than the buyer is willing to take on, the inspection contingency will allow the buyer to negotiate repairs, a sales price reduction, or terminate, receiving a refund of the earnest money. This must be accomplished during the inspection period.

installment sale

Aka land contract; allows the seller to provide financing by providing credit to the buyer; buyer makes payments directly to seller

Ex. When Ben bought Rachel's property, she used an installment sales contract to lend him some of the money for it, which Ben paid directly back to Rachel.

insurable title

A title against which there may be known defects (such as easements), but the title company has notified the parties of the defect and has agreed to insure against it (not list it as a policy exception)

Ex. A key concern is that sellers who offer insurable title instead of marketable title may not have to clear up title problems that come up before closing.

insurance estimation

The combined value of a homeowner's belongings and the home replacement costs, should the dwelling be destroyed

Ex. To make sure she purchased the correct amount of insurance for her new condo, Darlene worked up an insurance estimation.

Insurance score

A numerical rating that summarizes the likelihood of a person filing an insurance claim during the coverage period

Ex. The buyers' insurance score helped them choose the best homeowners policy for their new condo.

insured value

The cost to replace a destroyed building

Ex. Arson was suspected when the house of an investor facing financial difficulties was destroyed. It was later proven the investor lit the fire to receive the insured value of the property.

intentional misrepresentation

Essentially the same as fraud; misrepresentation that occurs when the person knows better and intentionally remains silent or misstates the facts

Ex. Debra was convicted of intentional misrepresentation for failing to disclose the snake infestation she knew to exist at her listing.

interest (financing)

The percentage fee charged on the amount loaned.

Ex. Annual interest on a loan can be determined by multiplying the rate of interest by the principal balance.

interest (property)

The right or claim a person has to property

Ex. As a beneficiary to her grandmother's will, Susie has an interest in both the farm house and and the mountain chalet.

International Codes® (I-Codes®)

Created by the International Code Council to provide standards for residential construction across the country; aka I-Codes®

Ex. As a custom home builder, Janice made certain she always complied with not only I-Codes®, but also her state and local building codes.

Internet Data Exchange (IDX)

Aka Broker Reciprocity, created by the National Association of REALTORS to enable brokers to share listing information across MLSs

Ex. Patel used an IDX plug-in on his website to import listings in from the state's MLS.

interpleader action

When brokers deposit disputed escrow funds with the court and then obtain a discharge and release from any liability regarding the escrow account and the disputing parties

Ex. When the dispute over the escrow funds in a failed transaction rose to a head, broker Christine decided it would be best to turn the funds over the court and file an interpleader action to extricate the brokerage from the situation.

Interstate Land Sales Full Disclosure Act

A federal law regulating interstate land sales

Ex. The Interstate Land Sales Full Disclosure Act of passed in 1968 to help regulate interstate land sales and protect consumers from fraud and abuse in the sale or lease of land. Among other provisions, the Act requires land developers to register subdivisions of 100 or more non-exempt lots or condominium units.

intestate

Dying without a will

Ex. When a person dies intestate, the laws of inheritance apply.

intestate succession

Determines how the deceased's property is to be distributed when the person died without a will

Ex. Because David died without a will, his home passed to his heir - in this case, his daughter Sarah.

inverse condemnation

When the government takes private property but fails to compensate the owner; property owners are forced to file suit to obtain compensation. The taking may be physical through occupation, or regulatory, where government regulations deprive the owner of the property's beneficial use and cause the property to lose its economic value.

Ex. After flooding damaged a county-maintained road, Dee's access to her property was blocked. The county failed to repair the road, so Dee made a claim for inverse condemnation, seeking restitution for the loss of her property rights.

investment value

The value to an investor of an investment property

Ex. Investors often weigh potential investments to determine which will provide the best investment value.

involuntary alienation

The transfer of real property ownership without the owner's consent (e.g., foreclosure)

Ex. Types of involuntary alienation include foreclosure and adverse possession.

involuntary lien

A lien imposed on a property or person by someone else, such as for nonpayment of taxes

Ex. Becky forgot to pay her taxes, and a lien was placed on her property. This was an involuntary lien.

irrevocable consent

An irrevocable consent form gives the court jurisdiction over unlawful activities performed by nonresident licensees who conduct business in the state. The form allows the courts to serve a summons and other legal documents in place of personal service on the applicant.

Ex. Kali is a nonresident licensee from Pennsylvania. Before he can conduct real estate business in another state, he must submit a signed irrevocable consent and designation form. Once signed, if he violates that state's real estate law, any summons for him may be served on the state, and need not be served directly on Kali.

J - K

joint tenancy

Property is owned by a group of two or more persons; the death of one person simply raises the stake the others have in the property; called right of survivorship

Ex. Nell became nervous when three of the joint tenants in the commercial building she owned with Victor died under suspicious circumstances. She and Victor now shared ownership. Was she next?

joint venture

A temporary organization of two or more people to carry out a single project.

Ex. Before Bijou agreed to sell a real estate joint venture involving investors who expected to benefit without active participation, she looked up the definition of “syndicate” and decided to pass.

joists

A horizontal length of timber or steel supporting part of the structure of a building, usually arranged in parallel between foundation, walls or beams to support a ceiling or floor.

Ex. Before her contractor gave her a bid for her second floor bathroom, he needed to see which way the flooring joists were running. “Good news,” he said, “Your joists run the right way, so I won’t have to cut through all of them to get the pipes in here.”

judicial foreclosure

Foreclosure process requiring court proceedings

Ex. Georgia is not a judicial foreclosure state; the security deed, which is the most commonly used security instrument, provides for a non-judicial foreclosure in the event of buyer default.

jumbo loan

A loan amount that exceeds conforming loan limits established by Fannie Mae and Freddie Mac

Ex. Because her loan was considered a jumbo loan, Anita didn't qualify for the most favorable interest rates, and had to pay a 1/4% premium.

junior lien

A loan that creates a lien against a property that has already been pledged as collateral

Ex. As a second mortgage, Bob's home equity line of credit was a junior lien on his property.

Junk Fax Prevention Act

Makes it unlawful to send an unsolicited commercial message via fax unless the sender has permission from the recipient or an established business relationship with the recipient

Ex. Ben violated the Junk Fax Prevention Act by spamming area fax machines with his listings, even though he had no prior business relationship with the recipients.

kickback

An improper payment of real estate compensation to an unlicensed individual who is not exempt from licensing laws

Ex. Fred gives Ginger a 20 percent referral fee from his commission. The trouble is, Ginger is his neighbor, and not a real estate licensee. This kickback is illegal.

L - M

lally columns

A concrete-filled column for structural support

Ex. Lally columns are often used in basements or crawl spaces to support sagging floor joists. In some applications they are tantamount to a temporary "jack" but are often used for permanent support.

land

Property which includes the surface of the earth, down to the center of the earth and upward infinitely into space; it also includes any items permanently attached to the land, such as trees and water

Ex. Land may be improved (with buildings or other permanent structures) or unimproved (vacant).

landlord's agent

An agent representing only the landlord

Ex. Mark represented Tony, who owned the Town and Country Apartments. Mark is a landlord's agent.

land patent

An instrument conveying public land (it can also be used to describe the actual land conveyed)

Ex. The Youth Foundation was granted a land patent by the city to establish a halfway house for drug-addicted teens.

latent defect

An issue with a property not immediately recognizable by a layperson; concealed, hidden, or requiring professional evaluation

Ex. Barbara was able to get out of her contract to buy a rancher when the home was discovered to have a latent defect - the foundation was unsafely graded.

Lawyer’s Fund for Client Protection

A fund created by the New York Legislature to protect client funds held in attorney escrow accounts

Ex. Clayton placed a down payment of $12,000 as earnest money when he made an offer on a condo. The attorney holding his check deposited it in an escrow account. If Clayton's attorney absconds with his money, Clayton will be reimbursed for his losses by the Lawyer's Fund for Client Protection.

lead

A metallic element found in rocks and soils worldwide

Ex. Lead was banned in paint in the 1970s due to its harmful effects on household inhabitants, particularly children.

lead agency

The association that oversees an entire project and makes decisions relating to the environmental impact of a proposed action.

Ex. Although many governmental agencies were involved in studying the environmental impact of a proposed development, a local agency assumed the role of lead agency and made final decisions relating to the project.

lease

A contract that transfers possession for consideration

Ex. Jefferson is leasing an apartment from Lila for one year. He signs a one year lease, which is a contract that allows him to possess the apartment for that time, but does not transfer ownership.

lease agreement

A legally binding, written contract between an owner/landlord (lessor) and a tenant (lessee) for the tenant to possess the owner's real property for a specified period of time in exchange for a fee (rent or rental payment)

Ex. Charlie entered into a lease agreement with his new landlord. He'd pay $1,500 a month for the two-bedroom villa by the seaside.

lease fee

This defines the legal relationship between the parties who sign the lease. It grants possession, but not title, to the tenant, and is for a limited period of time.

Ex. Janice signed a lease with Carolyn, to rent her house. As Carolyn's tenant, Janice now has a lease fee right on Carolyn's house. She has the right to possess, but she does have ownership.

leasehold estate

This defines the legal relationship between the parties who sign the lease. It grants possession, but not title, to the tenant, and is for a limited period of time.

Ex. Janice signed a lease with Carolyn, to rent her house. As Carolyn's tenant, Janice now has a leasehold estate on Carolyn's house. She has the right to possess, but she does have ownership.

lease option

See lease with option to buy

Ex. See lease with option to buy

lease with option to buy

Allows the lessee (renter) the option to purchase the property at the end of the lease term

Ex. Sam's happy he has a lease with option to buy on his house because he definitely plans to buy it when his lease is up.

legal capacity

The ability to enter into legal contracts

Ex. A person who is not mentally competent or who has not yet reached the age of majority is not of legal capacity.

legal description

A method of identifying a property in written words that allows for an unambiguous interpretation of a property's boundaries and location.

Ex. Although a street address may hold up in court, it's best to include an accurate legal description as best practice when conveying real property.

legal life estate

A life estate caused by a rule of law

Ex. Janie was happy that her legal life estate, a homestead estate, prevented the sale of her property for payment of debts so long as the land was occupied as a home.

legally competent party

A party has the capacity (legal and mental) to enter into a contract

Ex. The judge decided that Sylvia, who suffered from dementia, was not a legally competent party and therefore could not enter into a contract to sell her house.

legal purpose

The idea that a contract must not propose to do anything illegal; such a contract would be unenforceable

Ex. Because Mario was intending to buy Marisa's home in order to serve as a meth lab, the contract was unenforceable.

legal title

Ownership interest that is enforceable by law

Ex. In order to have absolute ownership of a property, the owner must hold legal title.

legatee

Testate successor who benefits from the deceased's will

Ex. When great-uncle Mauritius finally died, his legatees gathered in great anticipation to hear the reading of the will.

lender rebate

Also called a yield spread premium, this is an amount paid to a mortgage broker by a lender.

Ex. Borrowers will often trade higher interest rates in exchange for lower up front costs. The difference in rates is paid to the mortgage broker in origination fees as a lender rebate.

lender's policy

A title insurance policy that protects the lender's interest in the property for the amount of the loan

Ex. The value of the policy decreases as the loan is paid down.

lessee

One who leases and is placed in possession (tenant)

Ex. Jefferson, a tenant, is the lessee.

lessor

One who leases out, granting temporary possession to another (landlord)

Ex. Lila, a landlord, is a lessor.

letter of intent

A document stating that a buyer wishes to purchase a specific unit or units, and setting forth the terms of the transaction

Ex. When Mary Lou applied to become a member of Greener Grass Cooperative, her first step was to have her attorney draft a letter of intent setting forth the terms of the transaction.

leverage

The use of borrowed funds to increase the potential return on an investment.

Ex. Buyers use mortgages (borrowed funds) to leverage the purchase of properties. For a down payment, the borrower gets a property.

levy

The placement of tax that creates a lien.

Ex. The municipality's tax levy created a $2,000 lien on individual property owners.

liability insurance

Standard package homeowner's insurance policy coverage for personal injuries to others resulting from the insured's acts or negligence; may include medical payments for accidents sustained by guests visiting the property and physical damage to others' property

Ex. Keri's liability insurance covered her when an open house visitor tripped and fell down the stairs, breaking his arm. The liability insurance paid for the visitor's medical expenses.

license

The temporary right to use another person's property

Ex. Gabby got a temporary license to install a political billboard on a farmer's property.

lien

A creditor's legal right to have their debt paid out of the property of a defaulting debtor, usually by a court sale

Ex. When Marcus did not pay his contractor, the contractor put a mechanic's lien on Marcus's property.

lien foreclosure sale

A foreclosure sale brought about by a lienholder

Ex. When the Abbotts failed to pay their contractor, he pursued his mechanic's lien, resulting in a lien foreclosure sale. From the proceeds of the sale, their contractor was paid off.

lienor/lienee

The lienor is the party holding the lien, such as a lender. The lienee is the person who needs to pay up!

Ex. ABC Bank was the lienor who placed a lien on Jamie's property. Jamie was the lienee.

lien theory

A state that adopts a lien theory goes under the presumption that a lender's mortgage is a lien on the property. A title theory state says that the lender owns the property until the loan is paid off.

Ex. Because Engelbert lived in a lien theory state, he held title to his property even though he financed it. His mortgage created a lien on the property.

life cap

A limit on the amount that an adjustable rate mortgage can increase over the term of the loan.

Ex. Although the index to which her adjustable rate mortgage was tied rose 3%, which would have made her interest rate 8%, the life cap on her ARM was 7%, so that became her new interest rate.

life estate

A freehold estate granted for someone's lifetime

Ex. Emma wrote her will out to include possession of her home to her nephew for the term of his life, after which it would pass to her favorite charity, Cats and Canaries.

lifting clause

A provision that allows the lien(s) ahead of the junior mortgage to be refinanced without changing their priority in lien positions

Ex. Without this clause, a borrower with a second mortgage could never get a lender to agree to a refinance of the first mortgage because the second lienholder would immediately advance to first position as soon as the first mortgage was paid off as part of the refinance.

limited agent

One who acts on a principal's behalf, but within a very limited scope

Ex. An escrow officer is a limited agent to the parties in a transaction.

limited liability company (LLC)

A hybrid business formation that combines the limited liability features of a corporation with the tax efficiencies and operational flexibility of a partnership

Ex. Unlike shareholders in a corporation, the profits and losses are passed through the business to each member of the LLC. Members report profits and losses on their personal tax returns, just as business partners do.

limited partnership

A partnership in which there is one or more general partners who administer the enterprise, and one or more limited partners who are liable only to the extent of their investment

Ex. If John had been a limited partner rather than a general partner, he wouldn't have had to declare bankruptcy.

liquid asset

An asset that's either cash, or that may easily be converted into cash.

Ex. Lender's will look at a borrower's liquid assets to determine the borrower's ability to pay their mortgage in the event of a temporary loss of employment.

liquidity

The ease with which an asset is converted to cash

Ex. The asset with the greatest liquidity is cash because it doesn't need to be converted in order to be spent.

lis pendens

A public notice that a legal issue is pending

Ex. Deena was glad she saw the lis pendens notice on the property she was considering making an offer on. She didn't need to get halfway through a transaction and find out there was a judgment against the property!

list back

An agreement in which a licensee reserves the right to list a property the licensee has helped the buyer secure or develop.

Ex. Marvin worked with developers to help them find properties. He took a reduced fee as a buyer agent in return for a list back agreement. When the properties were developed and put up for sale, Marvin was the listing agent.

listing agreement

A legally binding contract between the seller and real estate licensee in which the dates of service, terms of compensation, and authority to market and list the property are provided

Ex. Gina is a real estate salesperson who contracts with her aunt, Ruby, to sell her property. Gina and Ruby sign a listing agreement that includes the terms of their arrangement and contractually obligates both parties to those terms.

littoral rights

Rights of the owners of a bordering property to the use of a stationary body of water, such as a lake or sea

Ex. Cal's property was next to a small lake, and he built a dock where he tied up a canoe in order to take advantage of his littoral rights.

Loan Estimate

Disclosure lender gives to the borrower within three days of the borrower applying for a loan; discloses loan terms, interest rate, and estimated payment

Ex. Carla received the Loan Estimate from her lender two days after applying. She liked how obvious things like the interest rate and approximate payment amount were on the sheet - she really hated having to rifle through her purse for her reading glasses.

loan modification

Borrowers work with lender to restructure or modify the terms of their mortgage so they can continue to make payments

Ex. The lender will verify borrower's ability to meet any changes to the terms of the loan.

loan origination

The making of a loan

Ex. Often, lenders will charge consumers a loan origination fee to cover the costs of making the loan.

loan servicing

The term for the lender processing payments, sending statements, and managing the escrow/impound account for a loan

Ex. Although ABC Bank originated loans, it didn't service loans, and instead turned that responsibility over to City Lender.

loan-to-value ratio (LTV)

The ratio of a loan amount to the value of the property being purchased

Ex. If a loan to value ratio exceeds 80%, the borrower will likely have to purchase private mortgage insurance for the lender.

lock in

Secure a given interest rate for a specified period of time (between a borrower and a lender). The term is called the lock-in period, and it's often for 30 or 45 days.

Ex. Jerome was concerned when closing was delayed. His rate lock in was only good for another two weeks. What if rates rose? He might not be able to qualify for the loan!

loft lease

Rental of floor space for wide open loft type spaces; structural changes are generally not permitted

Ex. For his floral design business, Yves signed a loft lease on one of the new renovated warehouses downtown.

long-term capital gain

Gain realized from an investment held for more than one year (receives favorable tax treatment, as compared to short-term capital gains)

Ex. When Frankie and Dave sold their investment condo, they asked the buyer to postpone closing for two weeks, which would put them over the one-year mark, and allow them to pay long-term gains, rather than short-term gains, on the profits.

lot and block

A legal description that refers to lot and block number within a subdivision as indicated on a recorded subdivision plat.

Ex. When April looked up her tax record it included the lot-and-block legal description of her property, which read in part: Lawndale, Block 4, Lot 6.""

lot lease provision

A lender requirement that a portion of a construction or development loan be paid off as each lot is sold.

Ex. Mike Grant sold three lots in Grant Meadows. This triggered a lot lease provision, which required him to pay back a portion of his loan.

lot release provision

A provision in a construction loan that a portion of the loan be paid off with each lot sale.

Ex. Due to the lot release provision, when Developer Dan sold a lot, he had to pay $11,000 toward his loan.

loyalty

One of the fiduciary duties, loyalty means putting the client's interests ahead of all others, including your own

Ex. Because of his duty of loyalty to his client, Brent showed him a For Sale By Owner property that met his needs, even though the commission rate was very low.

maintenance

The upkeep of a property

Ex. Cooperative shareholders pay a maintenance fee to pay for trash removal, landscaping and sidewalk cleaning.

maker (aka borrower)

The person who writes a check, note or draft.

Ex. When you write a check to the utility company, you are the maker.

management proposal

The plan from the property manager to the owner for how the property will be managed

Ex. Ross submitted a management proposal to Marion; she liked what she saw, and agreed that Ross should represent her property.

manufactured home loan

Used for purchasing manufactured homes, with terms starting at 10 years. Longer loan terms are available to finance for homes permanently attached to their foundation

Ex. The owners of the manufactured home park where Bob lives suggested that he talk to a lender about getting a manufactured home loan to buy a home in their park.

manufactured housing

Housing that is built to HUD specifications; manufactured housing must be at least 320 square feet and built on a permanent chassis

Ex. One hurdle that keeps many buyers from seeking manufactured housing is its classification as personal property, absent an affirmative action by the homeowner to change its designation.

mapping requirements

Criteria a developer must meet in order to obtain approval for a development project. Can include setting aside land for schools and parks.

Ex. Sunny Side Development made sure to meet the mapping requirements of the area they were planning on developing before submitting their development plan to the city.

margin

The amount a lender charges (expressed in points or percentages) above a variable index, as in an adjustable rate mortgage

Ex. The lender's margin is constant; the interest rate changes when the index to which the margin is added varies.

marital property

Property that arises out of the marriage as opposed to property inherited by one spouse or property owned individually.

Ex. Community property states assume that nearly all property owned by a married couple is marital property; as such it is split 50/50 between the spouses when the marriage is dissolved.

marital status

The status of being married or divorced

Ex. Marital status is a protected class in some localities.

marketable title

A title that is reasonably free and clear of encumbrances so that the average buyer would not hesitate to consummate a sale

Ex. Although Karen's title had a small lien on it for her outstanding mortgage, she would be paying that off at closing, so she had a marketable title.

market allocation

The illegal process of dividing up a market by geography, price point, etc., to limit competition

Ex. When the two competing real estate firms agreed to divvy up the market into east and west regions, and stay out of one another's area, this was an antitrust violation called market allocation.

market price

The price at which a property can be bought or sold

Ex. Market price is influenced by buyer demand and seller supply.

market rent

The rent a leased space would likely get in the current market

Ex. Since the market rents downtown had skyrocketed, Ansley decided to look for her new rental space in the suburbs.

market value

A price at which a willing buyer and willing seller can strike a deal given ordinary market conditions

Ex. When real estate professionals prepare a CMA, they are most interested in determining an appropriate market value.

master plan

A compilation of a municipality's current and future needs and assets

Ex. Cityville's master plan included projections for a 10 percent population growth per year through 2020.

material defect

A defect in the property or title that could cause a reasonable person to not purchase a property, or cause the buyer to value the property lower

Ex. The fact that the carpeting in the living room was an ugly lime green wasn't considered a material defect, but the leaky roof was.

material fact

A fact that would influence a reasonable person in making a decision; if not disclosed a person's decision would have been different

Ex. A material fact could impact the value of the property if the truth was known, or it could cause a seller not to accept a buyer's offer (e.g., the buyer is actually not financially qualified to complete the transaction).

maturity

The date on which the principal balance of a loan or bond, for example, becomes due and payable.

Ex. Alvin purchased a five-year certificate of deposit. Five years later, upon the CD's maturity, Alvin could either reinvest in a new certificate of deposit, or obtain his money and interest earned.

mechanic's lien

A lien placed by a laborer on a property for nonpayment of work done

Ex. Harry's carpenter put a mechanic's lien on his property for nonpayment of his work.

mediation

A dispute resolution process whereby a neutral party hears each side and attempts to get the parties to resolve their differences.

Ex. Brenda agreed to mediation, but when the mediator told her she should give the bicycle to Harry, Brenda refused.

Megan's Law

A law which requires the local authorities to publish the location of registered sex offenders in the area

Ex. Due to Megan's law, it was easy for a licensee to point concerned clients to appropriate resources to determine whether registered sex offenders lived nearby.

menace

Threat of violence

Ex. Marsha's threat to cut down the seller's peach tree unless they agreed to trim it before settlement constituted menace, and invalidated the contract.

metes and bounds

A survey system using points of reference and directional indicators to identify and locate a property for legal purposes

Ex. Darla laughed when she saw the metes and bound description. Although it was a legal description, it contained terms like "west of the widow Fiona Smith's stone wall."

millage rate

The amount per $1,000 used to calculate property taxes; one mill represents $1 in tax per $1,000 of assessed value.

Ex. Beverly's tax rate is 150 mills and her property's assessed value is $25,000. Her property tax calculation, then, is: $25,000 x .150 = $3,750.

Mineral estate

An ownership interest part of the bundle of rights that come with real property ownership that can be sold or retained with the transfer of property

Ex. An oil company purchased the mineral estate rights to a large plot of land where oil shale was discovered.

ministerial acts

Services performed that are routine and do not involve judgment, advocacy, or negotiation

Ex. Keira helped a buyer fill in some of the blanks in their contract offer for her seller's house, but did not advocate for or advise them in any way.

misdemeanor

A misdemeanor is a crime that is less serious than a felony. Violations of Article 12-A are misdemeanors, punishable by fines of up to $1,000. In addition, the penal system can impose fines of up to $1,000 and/or imprisonment for up to one year.

Ex. Vince, a real estate salesperson, violated Article 12-A, a misdemeanor. His punishment may include a fine of $1,000 imposed by both the DOS and the penal system, and up to one year in prison.

misrepresentation

A false statement of a material fact in a real estate transaction, either intentionally or through lack of proper care

Ex. When Jerome told Kirby that the roof repairs wouldn't cost more than a few hundred dollars, and Kirby purchased the property and then learned it would need a complete tear-off, this was misrepresentation.

mistake

An error involving the parties to a contract that would affect their decision to enter into the contract had they known of the error.

Ex. One of the ways in which a contract can be legally discharged is if it is entered into by mistake of the parties.

mixed-use developments

A development with mixed zoning uses, generally commercial and residential

Ex. Tina lived in a mixed-use development. Below her apartment was a deli. She smelled salami all day long.

mold

Part of the fungi kingdom that includes mildew; mold growth is encouraged by the presence of moisture and a lack of air circulation

Ex. It is estimated that 70 percent of households have mold in their walls.

monetary damages

A cash award granted to a party as an outcome of a legal action

Ex. The court awarded Steve monetary damages when Becky intentionally ran over his golf clubs.

monument

A natural or man-made permanent landmark that serves as a point of reference in a metes and bounds description.

Ex. Jill read the metes-and-bounds description of her property, which included the location of an oak tree as a point of reference. This monument had been there for 150 years.

moratorium

Temporary halt on development

Ex. The city of Zippyville decided to put a moratorium on all future building until they could beef up their infrastructure to support a larger population.

mortgage

A voluntary lien placed on a property as collateral against a loan

Ex. Scott's mortgage enabled him to have a house, so he didn't mind this voluntary lien on his property.

mortgage-backed security (MBS)

Mortgages that are pooled together and sold to investors on the secondary mortgage market

Ex. MBSs are considered more appealing on the secondary market if they conform to Fannie Mae/Freddie Mac guidelines.

mortgage banker

An entity that makes and services mortgage loans

Ex. Wells Fargo Mortgage is among the several large lenders who are mortgage bankers.

mortgage broker

A service professional who acts as a liaison between borrowers and lenders for a fee

Ex. Mike Jimenez is a mortgage broker working for Lendwell Brokerage. Mike matches borrower needs with lender products for a fee.

mortgage broker dual agency disclosure

A disclosure form that allows a mortgage broker who is a licensed real estate broker to serve as a mortgage broker for a buyer and real estate agent for a seller in the same transaction.

Ex. Barbara Townsend is a real estate broker and a mortgage broker. When she helped Tim get a loan to purchase Shane's listing, for which she was the listing agent, she had to get Tim and Shane to sign a mortgage broker dual agency disclosure.

mortgage commitment

A lender's promise to the borrower that a specified loan will be provided to the borrower.

Ex. Tim and Tom breathed a sigh of relief when they received a mortgage commitment from their lender. Now, if the property would only appraise!

mortgage contingency

A clause written into a sales contract that allows the buyer to cancel and receive back the buyer's deposit in the event that the buyer cannot obtain a loan commitment

Ex. Perry's sales contract includes a mortgage contingency. Although he attempted to obtain a loan, his lender would not make a loan commitment. Because of the mortgage contingency clause, Perry can terminate and receive a refund of his deposit.

mortgage credit certificates

Allow qualified buyers to claim some of the mortgage interest they paid as a credit on their tax returns

Ex. Amanda made certain her buyer clients took advantage of all the resources available to them to help them buy their home, like mortgage credit certificates.

Mortgage Disclosure Improvement Act (MDIA)

Amends TILA to require specific timing related to disclosures that give consumers time to think about the loan they're about to obtain

Ex. MDIA also stipulates that the only advance fee that a creditor can charge a borrower (before disclosing the terms of the loan) is a credit report fee.

mortgagee

The lender in a mortgage

Ex. ABC Bank was John's mortgagee; they held the mortgage on his property.

mortgage fraud

Using deceptive means to obtain financing or make a loan that would otherwise not be possible were the facts known

Ex. When Valerie misstated her income on her loan application, and her employer went along with the deceit, they were both guilty of mortgage fraud.

mortgage insurance

See MIP/mortgage insurance premium and PMI/private mortgage insurance

Ex. See MIP/mortgage insurance premium and PMI/private mortgage insurance

mortgage insurance premium (MIP)

FHA-insured loan version of PMI; All FHA borrowers must pay an MIP because the down payment is only 3.5%.

Ex. Jennifer wanted to put down at least 20 percent as a down payment so her loan to value ratio would be 80/20. This would mean she wouldn't have to pay a mortgage insurance premium to FHA.

mortgage loan servicer

A licensed entity that receives scheduled periodic payments from borrowers for mortgages, including escrow payments, and makes those payments to the owner of the loan.

Ex. QRS Lending uses a mortgage loan servicer to service its loans. QRS makes the loans, then uses TUV Mortgage Loan Servicer, to collect the payments and process them with QRS. For this service, TUV collects a fee.

mortgage REIT

Invests in real estate debt, including mortgage-backed securities

Ex. Alistair invested in both mortgage REITs and equity REITs.

mortgage value

The value of the property in the eyes of a lender; the amount that the lender is willing to commit to the loan

Ex. Although a CMA will return market value, what matters in terms of the buyer's ability to obtain a loan is the mortgage value, which is determined by the appraisal.

mortgagor

The borrower in a mortgage, usually the homeowner.

Ex. John took out a mortgage with ABC Bank. ABC was the mortgagee; John was the mortgagor.

multi-dwelling units

See multi-family

Ex. See multi-family

multi-family

A property with more than one dwelling, e.g., a duplex.

Ex. Multi-family homes with five or more dwellings are considered commercial residential properties.

multiple listing service (MLS)

A system that pools the listings of all member companies

Ex. Chad has a new listing for a property in his town. One way he markets this listing is through the multiple listing service (MLS). By promoting the property on the MLS, Chad is exposing the property to all MLS members, the general public (such as unlicensed assistants who have permission to access MLS, and any sites that pull from the MLS "feed."

municipal bonds

Bonds issued by a city, county, or state to fund government projects

Ex. Municipal bonds are considered a debt instrument, because when an investor purchases a bond, it's essentially a loan to the authority that issued the bond, for which the authority promises to pay interest.

municipal fees

Fees a developer pays to a municipality as part of the costs of development

Ex. The municipal fees for the development cost the developer an extra $8,500.

mutual mistake

When both parties to a contract have an incorrect belief about an important fact

Ex. Elizabeth and Joe, the seller and buyer of a property, didn't realize that the home Elizabeth was selling was subject to ground rent.

mutual rescission

An agreement between the parties to cancel the contract

Ex. Because his funding fell through and she had another buyer, both Scott and Nina agreed to mutually rescind their contract.

N - O

National Flood Insurance Program (NFIP)

A federal program created to help mitigate future flood losses through the use of building and zoning ordinances, and by providing homeowners with access to affordable flood insurance protection

Ex. Since the town of Misty Glen was located in a floodplain, the town council decided to participate in the NFIP to help ensure that the community would be able to minimize future flood risks

natural person

A term differentiating an actual human being from a 'legal person' (which could be a private entity, such as a company or corporation).

Ex. The deed stipulated that further conveyances of the property may only be between natural persons.

navigable water

A river or other moving body of water that will accommodate commercial shipping.

Ex. Private homeowner use of navigable water is necessarily limited as compared to non-navigable water.

negotiable instrument

A document that conveys an unconditional promise to pay a fixed amount (with or without interest).

Ex. Because checks are negotiable instruments, they should be safeguarded.

negotiation

With regard to negotiable instruments, the negotiation is the transfer of an instrument to another.

Ex. Chet agreed to negotiate or transfer the check to another.

net income

Income after expenses have been deducted

Ex. Barry's gross income was $50,000, but once he deducted for expenses, his net income was only $28,750.

net lease

The tenant pays on top of the rent one or more of the following expenses: property taxes, property insurance premiums, or maintenance costs

Ex. The Peach Tree Office Park issued net leases to their tenants, so they would share in the cost of property taxes and utilities. The landlord didn't want to have to do all of that herself!

net listing

A listing agreement in which the broker contracts with the seller to receive all net proceeds from a sale above a specified sales price; illegal in some states

Ex. Jerome is listing Kim's house. She tells him she needs to get "at least $225,000," but that any amount above that amount he can keep. If Jerome and Kim sign a listing agreement under these terms, it is an illegal net listing.

net operating income (NOI)

Income projected after deducting losses for vacancy, collection loss, and operating expenses

Ex. Larry checked his net operating income. After deducting for vacancy loss, uncollected debt and operating expenses, he would make 15% this year!

New York State Office of Parks, Recreation and Historic Preservation (OPRHP)

The Field Services Bureau of the NYS Office of Parks, Recreation and Historic Preservation administers federal and state programs for parklands and historic sites.

Ex. The Field Services Bureau of the OPRHP oversees the Certified Local Government Program, which supports local preservation and acts as a liaison between communities and state and federal preservation programs.

no-cost loan

Some lenders offer no-cost loans; it's important to determine what this means, exactly - are these lender costs only or other costs, such as escrow fees, title insurance, appraisal, etc?

Ex. Ruby found that her no-cost loan actually involves several thousand dollars in closing costs!

non-accredited investor

An investor whose net worth and/or experience in investing does not qualify the investor as an accredited investor for the purposes of investing in a private offering.

Ex. Up to 35 non-accredited investors may invest in a private offering without requiring registration with the SEC.

non-agent

A licensee acting as a facilitator but not in a representative capacity in a transaction

Ex. May helped her neighbors swap houses by filling out the paperwork for them. Because she represented neither of them, she was a non-agent.

non-conforming loan

A loan that doesn't meet the Fed's qualification standards (cannot be sold to Fannie Mae or Freddie Mac)

Ex. Harry's loan was a non-conforming loan; therefore he paid a higher rate as the lender assumed a higher risk.

nonconforming use

A use that no longer conforms with new or changed zoning; its use is allowed through the concept of grandfathering

Ex. Jack had had a shoe shop on Kelly street for 10 years when the entire area was zoned residential. Luckily, his nonconforming use was still allowed, but if he sold his shop, the new owner would likely have to use the property as a residence.

non-disturbance clause

Protects a valid lease from termination in the event of mortgage foreclosure

Ex. When Elena received a foreclosure notice on the door of the house she was renting, she called her attorney to see if the mortgage in question contained a non-disturbance clause, meaning her lease would be honored.

non-homestead

Category of properties that includes industrial and utility properties

Ex. Non-homestead properties include commercial, industrial and special franchise properties, among others.

non-homogeneity

Uniqueness, the inability to exactly replicate something.

Ex. Even if two houses were identical, because no two parcels of land are interchangeable, real estate is said to have the characteristic of non-homogeneity.

non-judicial foreclosure

A lender is able to sell a property in the event of buyer default, without going through the court system; usually granted via a power-of-sale clause in the security instrument

Ex. Peach Orchard Bank was able to initiate a non-judicial foreclosure on a property when the buyer stopped making payments, which helped them avoid the extra time and expense of going through court proceedings.

non-possessory

No right to occupy the property; easements are non-possessory rights

Ex. Because Sheena had an easement to cross Barb's property, but no right to occupy the property, she had a non-possessory right.

non-solicitation order

A prohibition against soliciting listings in a specific area.

Ex. A non-solicitation order can be issued by the NYS Secretary of State to stop the practice of blockbusting.

note

A debtor's contractual promise to repay

Ex. Diego wants to buy Claire's Harley, but he doesn't have the cash to buy it outright. He signs a note promising to repay her in monthly installments until the bike's paid off.

notice of default

A written notice that a borrower has defaulted; lets borrower know that legal action, including possible foreclosure, is imminent.

Ex. When Don forgot to pay his mortgage for two months, he received a notice of default. If he doesn't bring his past-due amount due (plus interest and late charges), he could face foreclosure..

novation

The substitution of a new contract for a prior contract, or a new party for an old party

Ex. The Silvermans were ready to buy Tina's house when Ms. Silverman got a job transfer. They terminated their contract with Tina. Then Ms. Silverman fought for and earned the right to telecommute, so the contract was back on. Because the deadlines had passed, a new contract was created, which is the novation of their former contract.

NY State Human Rights Law

An anti-discrimination law that is broader than federal fair housing law.

Ex. The Human Rights Law prohibits discriminatory practices in not only housing, but also educational institutions, public accommodations, parks, movie theaters, land, commercial properties, and credit transactions.

obedience

One of the duties an agent owes to the client, obedience means carrying out all lawful instructions of the client.

Ex. Because of his duty of obedience to his client, Sarah, Bill could not show her property on the weekend.

offering statement

Also called an offering plan, this document describes a project--either a new development or conversion of an existing building--so that prospective purchasers will have sufficient information to determine their purchasing decision.

Ex. When Daniel purchased an apartment building with an intent to convert it into condominiums, he sent all of the tenants a copy of his offering plan so they could decide whether they wanted to purchase their units.

offeror/offeree

The offeror is the person making the offer; the offeree is the person to whom the offer is being made

Ex. Sam, the offeror, offered Delilah, the offeree, $1 million for her oceanfront estate.

online rental scam

Where a con artist use real estate listing information to fraudulently rent out a property

Ex. Keira created a Google Alert for the address of her new listing, so she'd be sure to see any fraudulent rental ads for it on the internet.

open-end loan

A loan secured by a mortgage in which the amount lent may be increased in increments up to a specified maximum. It is similar to a home equity loan.

Ex. Agnes took out a $250,000 mortgage to purchase her home. She opted for an open-end mortgage that allows her to go back and borrow additional money over the life of the loan, as long as the total outstanding principal does not exceed 80% of appraised value.

open listing

A listing agreement that allows the owner to work with multiple brokers, only paying a commission to the broker who procures the buyer

Ex. Dwight entered into open listing agreements with five brokers, knowing he'd only pay commission to the one who brought him a buyer.

open-market operations

When government securities are bought and sold in the open market in order to increase or decrease the amount of money in the banking system

Ex. When purchasing government bonds from banks, the Federal Reserve is utilizing open-market operations to increase the amount of money in the economy.

operating budget

A property manager's detailed plan for expenses and income

Ex. Ross felt that an operating budget was in many ways a work of fiction, due to the amount of projections that had to be made—but it was necessary for planning purposes, and helped him stay on track for his clients.

operating expenses

Expenses realized for the operation of an enterprise.

Ex. Jan's operating expenses included maintenance and utilities for her four-plex.

operation of law

Dictates the manner in which parties automatically acquire rights or liabilities due to established rules of law, and not through an agreement or act of their own

Ex. Even though the recently deceased David bequeathed his home to his brother in his will, the operation of law mandated that the home would pass to David's wife, since the two of them owned the home in tenancy by the entirety.

option clause

Allow a tenant to purchase the lease (at a predetermined price) or extend the term of the lease if desired.

Ex. Bartholomew's lease included an option clause, so he extended the term of his lease so he didn't have to move. He loved this place!

option period

The length of time in an option contract in which the optionee may act

Ex. When Zara and Clyde signed an option contract for Zara to purchase Clyde's vacant lot, they set the option period at six months.

option to renew

The right of a tenant to renew a lease upon the expiration of a lease period. Seen frequently in commercial leases.

Ex. Brenda owns a boutique and is signing a lease in a building for her shop. Because she knows it can take several years to create loyal followers in a given market, she asks for an option to renew in her lease so she is not forced to find a new location just when her business is taking off.

orientation

How a house is built in relation to the direction of the sun

Ex. In hot climates, it may be most important to block the sun, while in cold climates, it may be best to take advantage of as much sunlight as possible.

originate, hold, and service

The original lender holds and services the loan for the length of the loan term.

Ex. Margaret appreciate that the lender she initially borrowed with was the same lender that she sent her payments to every month and eventually released the title to her once the loan was paid off.

originate, sell, and service

The original lender sells the loan on the secondary mortgage market, but continues to service it.

Ex. Even though Joe's mortgage loan was sold to an investor on the secondary market, he still sent his payments to his original lender every month.

originate, sell, and service release

The original lender sells the loan on the secondary mortgage market and someone else services it.

Ex. Big Time Bank routinely originated loans, then immediately dumped them into the secondary market, letting someone else worry about collecting payments every month.

origination fee

The cost of making the loan; on a conventional loan, this refers to the amount of points the borrower pays

Ex. Janice paid a $3,000 loan origination fee, which was 3 points. Her neighbor got a loan from the same lender and negotiated to have the loan origination fee waived. Janice wished she'd know this was even possible.

out-lot

Extra lots beyond those developed in a subdivision

Ex. The out-lots in the new subdivision were used for a convenience store and lending library

owner financing

See seller financing

Ex. See seller financing

owner participation

Amount of cash a developer puts down that is not financed

Ex. Lenders want to see owner participation because it means the developer has some ""skin in the game.""

P - Q

package policy

Several types of insurance bundled together so the policy holder has only one premium.

Ex. Jennifer's package policy included liability and property damage.

parcel

A specific tract of land with specific boundaries.

Ex. Shana pored over the developer's blue print and pointed to a large lot near the lake. "I'd like to have my home on this parcel here," she said.

partial performance

Meeting some, but not all terms of a contract

Ex. Although he met all other terms of the contract, Jeffrey failed to meet his contractual deadline; the other party could rescind the contract based on his partial performance.

partition

A division of a piece of property

Ex. When tenants in common don't get along, sometimes they will ask the courts to help them partition the property: "You take your half; I'll take mine," is the idea.

partnership

A legal form of business relationship between two or more people; may take the form of a limited partnership or a general partnership

Ex. Common law regards a partnership as a group of individuals rather than a single entity.

partnership law

Law pertaining to the legal business structure of a partnership.

Ex. The 700 partners in Gold Finders consulted partnership law before drafting their partnership agreement.

party wall

A shared wall on the border of two properties; each property owner owns their half of the wall and has an easement on the other half.

Ex. Tina and Louise shared a back garage wall. Tina was responsible for the upkeep of her half; Louise was responsible for the upkeep of her half. Neither could demolish the wall without the consent of the other.

passive fraud

Intentional nondisclosure; when the law imposes a duty to disclose a known fact and someone intentionally remains silent

Ex. When seller Jose failed to disclose the crack in the foundation of the house he was selling, he was sued for passive fraud.

passive income

Income earned without active participation, such as rental income

Ex. When Bill's book "How to Make a Boatload of Bucks in Real Estate" started paying royalties, he enjoyed the passive income he received.

payee

The person to whom a negotiable instrument is intended to pay.

Ex. When Rita wrote a check to her sister, her sister was the payee.

percentage

A fraction of 100

Ex. A percentage can be read as "X out of 100." So, 10% means the same thing as 10 out of 100.

percentage lease

The tenant pays a base rent, plus an additional charge based on a percentage of the tenant's gross sales or income (usually in retail property rentals, like shopping centers and malls)

Ex. Angelina's Pizzeria gave a percentage of their profit to their landlord as a part of their percentage lease.

percolation rate

The absorption rate of soil for a septic drain field; determined through a percolation test (aka perc test)

Ex. Septic system designers use the results of a percolation test to properly construct septic systems. The uniform slowest rate of drop of the water level over a measured time interval is converted to minutes per inch ad used as a basis of design in determining the size of the septic system.

performance of a contract

The discharging (ending) of a contract through the full completion of all terms

Ex. Without full performance of the contract, Bill's house wouldn't sell.

periodic cap

Aka subsequent cap or period cap; limits the amount an adjustable rate loan's interest rate can go up in subsequent adjustments (after the initial adjustment)

Ex. At Sylvia's next loan adjustment, the index is at 8%, which would put her new rate at 10%. This is more than the periodic cap of 2%, so the adjustment is set at the capped rate of 2% more than the previous rate, making it 8%.

periodic estate

Possessory interest that is automatically renewed at the end of each period specified in the lease

Ex. Kathy is leasing a house from Wes. It's a six-month lease that will automatically renew for another six months unless either Kathy or Wes terminate prior to the automatic renewal.

personal defense

A defense that may be used against the holder of a negotiable instrument (e.g.,fraud in the inducement).

Ex. Because Juarez was told that the gold was real, he had a personal defense against the holder of his check when he found out that it was actually fool's gold.

personal property

Anything that's not real property

Ex. Mia was surprised to learn that the sellers took the freestanding fountain with them. She hadn't realized that it was personal property.

personal property law

Law pertaining to personal property.

Ex. Personal property law is addressed in the Uniform Commercial Code and covers items such as trade goods, minerals and timber.

piggyback (split) loan

A legal way for borrowers to avoid having to purchase private mortgage insurance (PMI) when they put less than 20% down; involves two separate loans

Ex. Evan has saved $30,000 for a down payment, which isn't quite enough to avoid paying PMI on the loan for his new $200,000 condo. So he gets a piggyback loan to make up the difference.

pitch

The slope of a roof.

Ex. The pitch of a Tudor style home is quite steep, and means reroofing can cost quite a bit more than a flatter roof.

PITI (principal, interest, taxes, and insurance)

The four expenses in a budget mortgage payment

Ex. To determine affordability, borrowers should figure out if the PITI payment each month is within their means.

plaintiff

The person who files a lawsuit in a civil matter.

Ex. Connie sued Darius for divorce. Connie is the plaintiff and Darius is the defendant.

planned unit development (PUD)

A mix of land uses such as residential and commercial in one contained development

Ex. Shari lived in a condo in a PUD. She loved having shopping—and a hair salon—within steps of her front door.

planning board/commission

A planning board prepares and amends the master plan for the community, and implements that plan through site plan and subdivision ordinances and recommendations to other agencies. It also investigates, maps, reports and makes recommendations relating to planning and development of the municipality, and recommends amendments to the zoning ordinance or map.

Ex. An early step for Mary was gaining initial planning board buy off for a zoning variance or special use permit for the farmhouse.

plasterboard (aka wallboard)

Building material used to make walls that consists of large pieces of plaster covered with paper.

Ex. One of the messier jobs in construction is the installation of plasterboard, especially when a lot of cutting is involved—the plaster dust goes everywhere.

platform construction

The most common form of framing used in residential construction, platform framing consists of a framing structure resting on as subfloor platform.

Ex. Also called a western frame, platform framing is a building frame having studs only one story high, regardless of the number of stories built. Each story has a box sill, or platform.

plat map

A map which shows the location of a piece of property in context to its adjoining lots, roads and landmarks. It includes lot, street and block identifiers.

Ex. Subdivision developers often offer prospective buyers plat maps that show the location of a given lot within the subdivision, as well as surrounding properties.

plottage

The increase or decrease in land value that occurs when several parcels are combined into one large plot, as that value compares to their combined total value if sold individually

Ex. Plottage frequently results in an increase in value over what the individual parcels could sell for on their own.

pocket card

The pocket card is issued by the DOS along with the license of the broker or salesperson. The pocket card specifies the name and business address of a salesperson or broker and includes a photo of the licensee.

Ex. Genevieve carries her pocket card in her wallet in case she is ever asked to prove that she is a real estate licensee.

point

A fee equal to 1% of a loan amount. It's typically paid upfront to lower the interest rate on a loan.

Ex. For a conventional, 30-year fixed rate loan, the interest rate may be 6% with a charge of 1 point, or 1% of the loan.

point of beginning

A reference point marking the beginning point of a metes and bounds description.

Ex. Sometimes, in a metes and bounds description, the point of beginning will be a humorous identifier such as ""Beginning where Standfield's donkey and goat always stand at the crest of the southmost knoll …""

police power

The authority of all levels of government to act on behalf of the health, safety, and welfare of its citizens

Ex. Exercise of police power must be in the public's best interests, such as when a city imposes zoning restrictions, building codes, or a curfew.

policies and procedures manual

Contains a brokerage firm's best practices, core business processes and procedures, and guidelines and standards by which the members of the firm perform their respective functions

Ex. A good policies and procedures manual will also reinforce and define local, state, or federal laws and regulations applicable to daily real estate practice.

poly-chlorinated byphenols (PCBs)

Synthetic liquid compounds used as a cooling and insulating medium in electrical transformers until they were banned

Ex. PCBs are a suspected carcinogen that can accumulate in human fatty tissue. The Toxic Substances Control Act banned all PCB production in 1976.

possession

The right to live or work on a property

Ex. When Sally signed the lease on space for her new candy shop, she immediately took possession.

possessory

A right to occupy the property

Ex. All homeowners have possessory rights to their property.

post and beam construction

This type of framing uses wood members that are much larger than ordinary studs, and are spaced farther apart.

Ex. Although rarely used in residential housing because of the expense, post and beam construction allows large expanses between supports, allowing larger window spaces and high vaulted ceilings.

power of attorney

The right to act for someone else in a legal transaction.

Ex. Mike was going to be out of town, so he gave his brother power of attorney to sign real estate documents for him.

power of sale

Allows a lender to sell a property if the buyer defaults on payments without going through a formal court proceeding

Ex. The bank was able to foreclose on Monica's home without taking the matter to court because Monica gave them power of sale in her security deed.

Pre-application and Fee Agreement

Disclosures provided by a mortgage broker or mortgage banker to the borrower prior to or at the time of the loan application.

Ex. When Cintra looked over the Pre-application and Fee Agreement provided to her by her mortgage broker, she realized she would have to watch her pennies so she'd have enough money to close.

pre-approval

An assurance from the lender that the borrower appears to have the funds and creditworthiness to close; includes verifying the borrower's credit standing, available funds and employment history

Ex. Although the Millers received a prequalification letter from the buyer for their home, they were relieved a few days later when they received a pre-approval letter. They knew that the pre-approval carried more weight, although it was still not a guarantee.

preliminary offering plan

Also called preliminary prospectus, this is a document provided by a developer for pre-approval of the offering plan of a development.

Ex. Before the offering plan was finalized, a preliminar offering plan/ prospectus (aka a red herring) was submitted to the Attorney General.

prepaid items

Items a seller paid in advance and that the buyer must reimburse at closing, e.g., utilities

Ex. Bob had already purchased a winter's worth of heating oil when he decided to sell his house. The buyer, Jill, will reimburse him for the portion of the oil she'll use after she buys his house.

pre-payment penalty

A penalty charged by a lender to a borrower for paying off a loan early

Ex. Pre-payment penalties are all but eliminated under new lending rules.

prequalification

A letter from a lender stating that, on the face of information provided by the borrower, the borrower will likely qualify for the loan.

Ex. Most sellers will not accept an offer that requires financing if the prospective buyer has not at least included a letter of prequalification from their lender.

pre-qualification

Less reliable than a pre-approval; buyer-reported information still needs to be verified

Ex. Since it was such a hot market, Sally rejected offers that only came with pre-qualifications; she was looking for a more solid offer: One with a pre-approval.

preventative maintenance

Maintenance that is done to prevent future damage or deterioration

Ex. “A stitch in time saves nine” could be the slogan for preventative maintenance.

price

The dollar amount agreed upon for the sale of a property

Ex. If the list price for a property is set beyond what the market will bear, buyers will not buy.

price fixing

The illegal agreement between competitors to fix services or products at a specific price

Ex. An agreement to charge a "standard" brokerage fee is price fixing and is an violation of antitrust law.

primary market

The primary market is where loans are originated; the secondary market is where they are sold

Ex. Most home loans originated in the primary market end up as part of package of mortgages that are sold on the secondary market.

primary mortgage market

Where loans are originated; they are sold on the secondary mortgage market

Ex. Most home loans originated in the primary mortgage market end up as part of package of mortgages that are sold on the secondary mortgage market.

prime rate

The interest rates that lenders offer to preferred customers.

Ex. Renaldo had worked on his credit for years and when he applied for a home loan, he qualified for his lender's prime rate. His friend, Susan, who had a less stellar credit, also applied with his lender, and was offered the prime rate plus another .75%.

principal

The amount being borrowed, or the amount left to be repaid.

Ex. Anita's principal payment was $200 per month. Her interest payment was $800 per month. As she paid on her mortgage loan over time, the amount that applied toward principal increased.

principal (agency)

The person represented by an agent in a real estate transaction

Ex. Mary is selling her house, and Kamal is her listing agent. Mary is the principal in the transaction.

principal balance

What's left to be repaid on the principal of a loan (doesn't include interest and other charges).

Ex. The remaining balance on her loan was $22,100, but Juanita also needed to factor in other charges for her total payoff, not simply her principal balance.

principal (loans)

Loan balance

Ex. When paying off a home loan, the payment is applied toward interest on the loan and the principal, or amount borrowed.

principal meridian

An imaginary line that runs north and south and crosses a base line at a specific point, and used by surveyors of reference to locate and describe land using the rectangular survey system.

Ex. A Principal Meridian is one of the prime meridians used in the government rectangular survey method of land description to locate range lines. It serves as the reference meridian in a land survey.

principle of anticipation

A term used in valuing income property when using capitalization rate.

Ex. The principle of anticipation says that the value of a property is determined in part by the current anticipation of future benefits.

principle of conformity

A term used in valuation that says that property holds value when surrounding properties are similar.

Ex. The principle of conformity says that you don't want to build a modern home in a neighborhood of Victorians.

principle of contribution

A term used in valuation that means that the value of a portion of the property is dependent on the value it brings to the entire property.

Ex. Just because the garage cost $75,000, David learned, didn't mean that it increased the property's value by $75,000. He learned the hard way about the principle of contribution.

priority

The order in which liens are paid

Ex. Because Debtor 36 had filed a lien before Debtors 1-35, he had lien priority, and was paid first from the proceeds of the foreclosure sale.

private mortgage insurance (PMI)

An insurance requirement that protects the lender when it approves a loan with more than 75% to 80% of the purchase being financed

Ex. When the LTVR reaches 78%, the borrower can apply to have the PMI removed.

private placement exemption

A rule that allows issuers of securities to sell securities to any number of accredited investors (and up to 35 non-accredited investors) without the requirement to register with the SEC.

Ex. Cotton Corp. issued private stock and sold only to accredited investors. Because of the private placement exemption, Cotton Corp. did not have to register its securities with the SEC.

Privity of Contract

The law that states only the parties within a contract can be held to the contract's requirements.

Ex. According to the privity of contract, if a lessee abandons a rental, the lessor cannot attempt to gather damages from the lessee's family.

Privity of Estate

When two or more parties hold an interest in the same real property.

Ex. Both a landlord and a tenant have an interest in the same property since the landlord owns it, and the tenant lives in it.

probate

The process by which the court determines how a deceased person's estate should be distributed

Ex. To avoid probate, many people put all of their property in a trust.

procedural law

Law relating to the appropriate rules for lawsuits and administrative functions.

Ex. Procedural law required Izzy to file his petition within 30 days.

procuring cause

The initiator in a chain of events that leads to a real estate sale

Ex. Because Liza originally showed Dewey the property, she was owed a commission through the concept of procuring cause, even though it was Billy who wrote the offer.

profit (land)

The right to take products out of the soil

Ex. Profit in land can actually be more valuable than owning the land itself. The right to drill for oil, for instance, could easily outvalue the land.

pro forma

A financial statement based on assumptions and projections.

Ex. Ray wanted to see the effects of different financing options for a new investment. His accountant prepared a pro forma statement with projected balance sheets, income statements, and statements of cash flows.

progression

The bump in value that a lower-valued property receives when an adjacent property's value increases

Ex. David's neighbor put in new siding, new windows and a new walkway. Although David didn’t like the noise from the construction project, he loved the increase in his value. ""Progression is a beautiful thing,"" he told his spouse.

prohibition of waste

The understanding that a life tenant or other possessor of a property will maintain it, pay taxes, and do other things to keep up the property

Ex. Max, the life tenant in his son's property, made sure to keep the home in good repair and pay the property taxes on time during his possession, so as to prevent waste of the property.

promissory note

A promise by the borrower to repay the loan; it includes the terms for repayment

Ex. Unlike a mortgage or deed of trust, a promissory note is not recorded; the lender holds the note while the loan is being paid off. When it is fully paid off, the note is returned to the borrower, marked as paid in full.

property insurance

Also called hazard insurance, property insurance is a way of protecting a home or property against physical damage or loss of assets in the case of damage or theft. The policy holder pays a premium, and insurance pays the policy holder to recover losses when they occur.

Ex. Lenders require homeowners to obtain property insurance to obtain a mortgage. The insurance protects the lender’s collateral (the property) in the event of a loss.

property management

Managing a property or properties for another

Ex. Ross performs property management services for his clients, like Marion Forks, and takes worries such as maintenance and tenant relations off her hands.

property management agreement

Creates an agency relationship between property managers and owners

Ex. Property manager Duke was stoked when his first-ever client, Offices R Us, signed a property management agreement with him for one of their office parks.

property management report

A report given by the property manager to the owner; often includes rental income, expenses, and bank statements showing deposits and withdrawals

Ex. Ross provides Marion, his client, with a monthly property management report, which details expenses, income and other items for the prior month.

property manager

Someone who manages real estate for another for compensation; duties include generating income, budgeting, market analysis, advertising, and negotiating leases

Ex. Not all property managers deal with tenants on a daily basis. Some simply manage the profitability and safeguard the value of the building.

proprietary lease

A lease held by the shareholder of a cooperative which allows the shareholder the right to occupy the shareholder's unit.

Ex. When Mary Lou applied became a member of Greener Grass Cooperative, instead of a deed to her unit, she received a proprietary lease to occupy the unit.

proration

A division of expenses and income between buyer and seller according to who owes what to whom

Ex. Karen had prepaid some expenses and had not yet paid her property tax. These items were prorated between the parties in the closing statement so both paid their fair share.

prospectus

A disclosure used as a selling tool by an issuer of securities

Ex. The prospectus gave Rick enough information that he decided the investment was not for him.

protection clause

Prevents buyers from reaching an agreement with a seller on a property and then discarding their broker so that neither party has to pay a broker commission

Ex. If the term of the agreement ended on January 31, and the buyer contacted a seller whom their broker had previously identified and then signed a purchase contract on February 1, the broker would still be owed a commission under the protection clause.

provenance

History of ownership and conveyance that drives up the price of an auctioned item

Ex. The guitar's provenance as once belonging to Chuck Berry drove up its price substantially at the charity auction.

public grant

A transfer of land from public ownership to private ownership

Ex. The city's public grant of the parcel resulted in a land patent for the Youth Foundation.

public offering

An offering of property for sale to the general public.

Ex. Before a public offering may be made of a condominium project, the offering plan must be approved by the Attorney General.

puffery

A statement of opinion or exaggeration that is generally understood not to be a statement of fact

Ex. Emil loved to make his listings sound as fantastic as he could, but his broker said he crossed the line into puffery.

pur autre vie

"For the life of another"; a life estate that lasts for the life of someone other than the life tenant

Ex. Emma granted possession of her home to her nephew for the term of his mother's life, after which it would pass to her favorite charity, Cats and Canaries.

purchase agreement

A written contract between a buyer and seller specifying the terms for the transfer of interest in real property

Ex. Herb, a buyer, and Manny, a seller, entered into a purchase agreement for Manny to sell his townhome to Herb. The purchase agreement specified the price and terms, including contingencies that must be met.

purchase money mortgage

A form of seller financing in which a mortgage is given by the buyer to the seller toward the purchase price; buyers use this as down payment financing.

Ex. Chet could not qualify for a loan, so he bought his uncle's land using a purchase money mortgage.

quadrangle

A 24-mile by 24-mile parcel (16 townships) as defined by the government's rectangular survey system.

Ex. James pointed to the quadrangle on a survey map. ""This section of townships will most benefit the new railroad.""

qualified fee

Inheritable freehold estate that's defeasible (the grantor can terminate the title; e.g., a parent might transfer property to a child as long as the child remained unmarried

Ex. Zuzu's great aunt Olive gave her a qualified fee estate in the cottage as long as Zuzu continued to work toward and earn her PhD in Egyptology.

qualified mortgage

A loan that meets stringent CFPB guidelines that are designed to curb lending practices that led to the late-2000s financial crisis

Ex. A loan that meets stringent CFPB guidelines that are designed to curb lending practices that led to the late-2000s financial crisis Qualified mortgages can't have risky or confusing features or any surprises for consumers.

qualifying ratio

Calculations to determine whether a buyer qualifies for financing. The front-end ratio uses the borrower's monthly housing debt and compares it to the borrower's gross monthly income. The back-end ratio uses total monthly debt compared to gross monthly income.

Ex. Maurice applied for a home loan. He had to qualify both under the front-end and back-end ratios. He qualified on the front-end ratio, but his car payment put him over the limit for the back-end ratio.

quiet enjoyment

This is a right of a tenant to enjoy the property without being dispossessed or trespassed upon, even by the landlord

Ex. Leigh discovered that her landlord had been entering her apartment while she was at work. This is a violation of her right to quiet enjoyment.

quiet title

A court action to remove a cloud on a title

Ex. Because the records indicated there was an unpaid debt which created a lien against the title, even though the debt had been paid off, the Martins initiated a suit to quiet the title.

quitclaim deed

A deed that does not offer any warranties but simply releases the current owner's claims to the property

Ex. When Bill and Martha divorced, Martha signed over her interest in their property to Bill through a quitclaim deed.

R - S

radon

A radioactive gas found worldwide caused by the natural decay of uranium

Ex. Unhealthy levels of radon in a home may be lowered through the installation of a filtration system.

rafter

An internal beam extending from the eaves to the peak of the roof

Ex. The roof rafters constitute the framework for the roof.

rate lock

The securing of a given interest rate for a specified period of time between a borrower and a lender.

Ex. Jerome was concerned when closing was delayed. His rate lock was only good for another two weeks. What if rates rose? He might not be able to qualify for the loan!

rate of return (ROR)

Gain or loss on an investment over a period of time, expressed as a percentage of the investment's cost

Ex. The rate of return, when expressed as a gain of an investment sold, is defined as income received plus capital gains realized on the sale of the investment.

ratification

Acceptance after the fact, sometimes in contrast to a prior agreement

Ex. Even though the sellers were supposed to leave behind the washer and dryer, they took them when they moved out. The buyer ratified their decision by moving in and getting a set of his own without making a fuss about it.

real defense

As opposed to personal defense, real defense against a holder of a negotiable instrument might include the fact that the instrument was drawn by a minor.

Ex. Abby wrote a check to David, but as she was only 13 at the time, she had a real defense against him if he tried to cash it.

real estate

Land, plus all things permanently attached to it, naturally or artificially

Ex. When you are a practicing licensee, we hope you sell a lot of real estate!

real estate appraiser

An appraiser is someone who, for a fee, estimates the value of real property. If the property is in any way related to a federal transaction of $250,000 or more, the appraiser must be licensed or certified to perform the appraisal.

Ex. In most real estate transactions, the buyer will hire an appraiser to provide a professional opinion of value. Often lenders will require an appraisal before lending money on a property, to protect the lender's interests by making sure the value is there.

real estate broker

Any person, partnership, association, or corporation who, for another and for compensation of any kind, negotiates any form of real estate transaction. Real estate brokers supervise and are responsible for the activities of associate brokers and salespersons who work for them.

Ex. Mark is a real estate broker at Able Realty. Able Realty also has 11 salespersons and three associate brokers. Mark is responsible for supervising all of these licensees.

real estate investment trust (REIT)

A business owned by shareholders who invest in properties or mortgages

Ex. Craig's favorite REIT invested in mortgages.

real estate owned (REO)

Real estate owned property; when foreclosed homes don't sell at auction, they become a real estate owned (bank-owned) property

Ex. Ella loved the challenge of working with investors interested in REOs.

real estate salesperson

Anyone who performs as a real estate broker for compensation of any kind, but does so only while associated with ands supervised by a licensed broker who is that person's sponsor. A salesperson may not work independently.

Ex. Ingrid is a real estate salesperson with Able Realty. Her broker, Mark, supervises all of Ingrid's activities. Ingrid is compensated through Mark; she may not work independently.

Real Estate Settlement Procedures Act (RESPA)

Protects borrowers from overcharges by requiring disclosure and prohibiting kickbacks

Ex. RESPA requires borrowers to be provided with a good faith estimate within three business days of receiving a completed loan application.

real property

Real estate, plus the interest, benefits and rights included with ownership

Ex. Real property can be segmented into a bundle of rights, with each right sold separately, to different owners.

real property law

Law pertaining to real property (e.g., real estate).

Ex. Real property law pertains to the purchase, sale, transfer, possession of an interest in real estate and all accompanying rights.

real property tax rate

The amount charged against assessed value of a property

Ex. Multiply assessed value by tax rate to compute annual property taxes.

REALTOR(R)

A member of the National Association of REALTORS(R)

Ex. Although often used generically, REALTOR(R) is a registered trademark of the National Association of REALTORS(R) and the term may not be used by non-members.

reasonable skill and care

A duty owed to a client by an agent, reasonable care requires the agent to act at the utmost professional level in serving the client.

Ex. Jason showed reasonable skill and care when he recommended to his client that he have an HVAC specialist inspect the furnace; it looked old and in need of repair.

reasonable time

Period in which the parties must complete contract terms, if the date isn't specified

Ex. Parties may interpret this time differently, which can create issues and a possible claim of breach of contract. In this case, a court may determine a "reasonable time," or it may consider the contract to be invalid because a specific time or date wasn't provided.

reasonably foreseeable

What buyers can sue sellers for when sellers breach the contract; covers buyer expenses such as inspections, surveys, and other buyer costs

Ex. When Saffron broke her contract with Bob on the sale of her house, he'd already paid for reasonably foreseeable costs, such as the inspection, the appraisal, and the survey. So she had to reimburse him for these costs.

recaptured depreciation

The payback of deferred taxes taken through depreciation at sales time

Ex. Jon's recaptured depreciation cost him 25% of every dollar he'd depreciated when he owned his investment property.

Receiver of Taxes

The collecting officer for each city and town, who receives real property taxes and assessments, is known as the receiver of taxes. The receiver of taxes bills for and collects property and school taxes, collects fees such as water fees and permit fees, tracks payments for the municipality, and performs other accounting functions

Ex. Mary will want to contact the receiver of taxes to determine whether there are any unpaid water charges, and to receive an update on new water charges.

recession

A moderate, short-term dip in the economy's health

Ex. The recession was caused by high unemployment rates which reduced consumer spending.

reciprocity

The agreement between states to allow licensed individuals to do business in both states

Ex. Due to reciprocity, Cindy, who was a broker in Connecticut, was able to perform real estate activities in New York.

recognition agreement

An agreement signed by the borrower, lender and cooperative board, which acknowledges the lender's lien interest in the shares covered by the unit.

Ex. A recognition agreement requires the coop to notify the lender if the shareholder defaults on maintenance fees.

reconciliation (appraisals)

The last step in the appraisal process, when the appraiser weighs the estimates of value from the three approaches to value (market, cost, income) and arrives at a final number

Ex. Because the fourplex was a rental property, Vladimir weighed the number derived from the income approach to value heaviest when he completed the reconciliation for the appraisal.

reconciliation (closing)

A balancing of both sides of the Closing Disclosure

Ex. A property prepared closing statement results in a reconciliation with equal balances on both side of the debit/credit columns.

reconveyance

The returning of a deed to the borrower once their debt is pain in full

Ex. Once Albert had made his final loan payment, the lender reconveyed his deed back to him - Albert owed his home free and clear!

recorder

Often a county clerk, this is the public official who records transactions affecting real property.

Ex. The registrar of deeds is the recorder of real property transfers.

recording/recordation

Public filing of a document

Ex. Ownership cannot be established until the deed is recorded.

rectangular survey system

A governmental survey system that describes land in reference to principal meridians and baselines.

Ex. Mort scratched his head at the legal description for his uncle's property, which used the rectangular survey system and read ""SW1/4 NW14 S13, T1SR20E,"" and referred to the southwest quarter of the northwest quarter of Section 13 of Township 1 South Range 20 East.

redlining

The illegal practice of a lender to refusing to lend in a specific area, often based on the minority makeup of the area

Ex. Redlining is illegal under the Fair Housing Act; lenders must make loans based on the creditworthiness of the individual, and not the characteristics of property owners in a given geographical area.

referee's/sheriff's deed

A deed which contains no covenants or warranties but does imply ownership (seisin); often used in bankruptcy proceedings and foreclosures

Ex. Jan was a real estate investor who frequently purchased foreclosures. Due to the uncertain ownership chain, she often received referee's deeds, without warranties or covenants.

reference to a plat

This is used in legal descriptions on documents such as deeds. The reference is to a subdivision plat map. The page number and subdivision name are provided, the lot and block as well, and the recording authority.

Ex. The legal description of Hank's new property was included on his deed by reference to a plat.

referral fee

A fee paid to someone who receives a client or customer for service to the person referring the client or customer

Ex. Jamie's brokerage paid a referral fee to Sue's brokerage when Sue referred Jamie a client. The fee was paid at closing.

refinancing, refinance

Paying off a loan with the proceeds of a new loan, using the same property as collateral.

Ex. When Avery refinanced his home, he paid off a higher interest rate loan with a lower interest rate loan, saving him several hundred dollars a month. However, the refinance also reset his loan term to 30 years.

regression

The loss of value of a property when an adjacent property depreciates

Ex. Mark was pretty unhappy about the regression that occurred when his neighbor left the property vacant for years. He finally called the city, ""Do something about it! My property is declining in value!"" he said.

release of liability

In a loan assumption, a written agreement that the lender won't hold the original borrower liable for the loan in case of default

Ex. Bob's assumption of Ginny's loan was not completed until they received a release of liability from the bank that held the mortgage.

reliction

The gradual creation of land when adjacent water levels recede

Ex. Thanks to the receding of the lake, Sammy was now the proud owner of another three feet of mud.

remainder interests

Ownership rights upon the death of the life tenant.

Ex. Chad left his family home to his second wife for her lifetime with the provision that it pass, at her death, to the son of his first marriage.

remainderman

The person receiving title upon the death of the life tenant

Ex. When his step-mother followed his father in death, the life estate she had in the family home ended, and it passed to Chad, as a remainderman.

rent roll

A list of all the tenants and the particulars about the type of unit, what the tenant is paying for it, and when the lease ends

Ex. Keira examined the rent roll for the properties she managed, so she could see where the rent was coming in from. The lease end dates helped her determine when she'd need to market units for re-lease.

replacement cost/replacement cost new

The construction costs at current prices to replace a property. It won't be an exact duplicate, but serves the same purpose or function as the original.

Ex. Jason, whose mid-century Modern home was destroyed by fire, wished his insurance covered replacement cost. Unfortunately it only paid out the actual cash value, which wasn't enough for him to rebuild a similar structure.

replacement reserve fund

A fund set aside for replacement of common property (e.g., a parking lot) in a common interest community, such as a condominium development.

Ex. Because the homeowners association hadn't collected enough dues for the replacement reserve fund from the owners, when the roofs of the buildings needed to be replaced, each owner was assessed $1,800 to cover the costs.

reproduction cost

The construction costs at the current price to exactly reproduce the property

Ex. When evaluating insurance, be sure to check if you're covered for replacement cost or reproduction cost, particularly if the property is of historic value.

repudiation

Rejection of a contract

Ex. Belle repudiated the contract when she learned the seller was not acting in good faith.

Residential Lead-Based Paint Hazard Reduction Act

Law that requires sellers, landlords, and their agents to disclose the presence of any known lead hazards in the home

Ex. Houses built before 1978 most likely have lead in their paint, so certain safety precautions need to be taken by anyone doing work on the home, and the possibility of lead paint must be disclosed.

residential office

A type of combination property that includes residential and office zoning in the same place.

Ex. Because Tiffany lived and worked in a residential office building, she never had to worry about getting caught in the rain on the way to work; her office was just a short elevator ride from her apartment on the 7th floor.

resident manager

Lives in the apartment building that's managed and works on a salary or in a rent stipend arrangement

Ex. Scott was a live-in property manager. Although unclogging toilets at 3AM was a pain, he liked the free rent and small base salary he received. His Buddy, Chet, who was resident manager at another apartment building, did not receive free rent, but did get 8% of all rental proceeds.

restrictive covenant

Promises between two parties that appear on a deed and prohibit or require specific use of the property

Ex. The restrictive covenant placed on all lots in David's subdivision made him happy: no vinyl or chain link fences.

retaliatory eviction

When a landlord evicts or threatens to evict a tenant because of a complaint the tenant made; illegal in many states

Ex. When Mark complained to the health department about the roaches his landlord wouldn't get rid of, the landlord threatened to evict him.

return on investment (ROI)

The amount of income an investor's financial investment is producing; expressed as a ratio: (investment gain - investment cost) ÷ investment cost

Ex. Corinne's commercial clients were strongly interested in their potential ROIs.

revenue stamps

A tax applied upon the recordation of a transfer of ownership in real property. May also be referred to as transfer tax

Ex. Transfer tax becomes payable when the deed is recorded, sometimes through the purchase of "revenue stamps" from the recorder of the county in which the property is located.

reverse annuity mortgage

With a reverse mortgage, the lender makes payments to the homeowner for a specified period of time, and gains corresponding ownership.

Ex. Thelma wanted to remain in her home, but she was on a fixed income and needed more funds. She agreed to a reverse mortgage in which a bank made monthly payments to her in return for ownership of her home.

reverse exchange

When an investor finds and closes on an investment property and then decides to sell another property, he or she can do a tax deferral “backward."

Ex. Margo couldn't pass up on the amazing deal she found on a condo downtown, so she closed on it quickly and then sold another property she owned in the suburbs so she could do a reverse exchange.

reversion

The lessor's right to reclaim possession of the property at the end of the lease term

Ex. Ahmed claimed the right of reversion when the lease was up on his rental house.

reversionary interest

Right of repossession of the property by the owner after the end of the life estate

Ex. Carmen may give her investment home to her great aunt with the provision that at her great aunt’s death the ownership returns to Carmen. During her great aunt’s life, Carmen has a reversionary interest.

revitalization

The rehabilitation or renewal stage of the neighborhood life cycle

Ex. The neighborhood gains a renewed appeal for some reason, such as access to jobs or amenities, and the affordable prices allow people to purchase and renovate the homes.

revocation

The permanent removal of a license. If a real estate licensee has a license revoked, it may not be re-enacted before a specific amount of time has passed.

Ex. Ernie violated license law, and his license was revoked.

revolving debt

Debt that allows a consumer to borrow against a line of credit (e.g., a credit card, home equity line of credit).

Ex. Marcus had a home equity line of credit for $20,000. However, he only borrowed $3,000, so he only had to pay interest on the $3,000 borrowed.

R-factor

R-factor or R-value is a term used in insulation and means the degree of resistance to the heat transfer of the walls (how much heat is kept in or out).

Ex. The larger the R-factor, the greater the degree of insulation.

ridge beam

A structural member used to support the ends of the rafters at the ridge of the roof; transfers loads to end walls

Ex. If Superman were stradding the top of a house, he's be sitting directly on the ridge beam.

right of first refusal

Provides a prospective buyer with the right to purchase a property if the seller decides to sell, or if another buyer comes along

Ex. Clarisse loves the Victorian house owned by her elderly neighbor, Grace. She knows that at some point, Grace will need to go into assisted living. Clarisse asks Grace for the right of first refusal, and Grace agrees. When it’s time for Grace to sell, if Clarisse cannot buy her property, Grace may offer it to other purchasers.

right of ingress or egress

The right to enter (ingress) or leave (egress) a property.

Ex. Lila's easement on her neighbor's property gave her the rights of ingress and egress.

right of inheritance

A co- ownership position in which a co-owner's interest may be willed to another person

Ex. If there's a right of survivorship, the co-owner doesn't have the right to will interest in the property to an heir.

right of survivorship

A co-ownership position in which the death of one of the owners simply increases the interest of the others; ownership cannot be devised (passed down to heirs)

Ex. The three amigos owned a triplex in a joint ownership, each owning one-third of the property. Amigo #1 died, so Amigos 2 and 3 now each own half of the property because of their right of survivorship.

right of way

A type of easement

Ex. Daniel's driveway across Ben's property was a right of way that enabled Daniel to get to work every day.

riparian rights

Rights of the owners of a bordering property to use a flowing body of water, such as a river or creek

Ex. Keri's property bordered Tickle Creek. Keri fishes and wades in Tickle Creek, fully enjoying her riparian rights.

risk management

Minimizing risk through, for instance, appropriate insurance.

Ex. It is impossible to eliminate risk, but there are many ways risk management can be employed; one of these is through proper insurance.

Rivers and Harbors Act

Prohibits discharging refuse into, altering the course of, or excavating, filling, or changing the condition or capacity of any port, harbor, or channel without a license or permit, or building any wharf, pier or other structure in any water outside established harbor lines without a permit

Ex. The Rivers and Harbors Act is the oldest federal environmental law in the U.S.

Safe Drinking Water Act

A federal law enacted in 1974 that governs state drinking water regulations

Ex. The state department of health makes sure that the commonwealth is in compliance with the regulations set forth in the Safe Drinking Water Act.

sale-and-leaseback/sale-leaseback

Most often used in commercial transactions, a sale and lease back is where the building's owner will sell the building and rent or lease it back from the new owner. This frees up capital for the owner.

Ex. XYZ Corporation needed capital for research and development. It entered into a sale and lease back agreement with a private investor, giving XYZ the funds it needed without necessitating a move from its headquarters.

sales comparison approach

An approach to determining value using similar recent sales data

Ex. Both licensees and appraisers use a sales comparison approach when arriving at an estimate of value.

sales contingency

A buyer's ability to continue with a transaction is dependent on the buyer's current home selling first

Ex. Sellers are often reluctant to accept contingent offers, and when they do, they usually reserve the right to continue to market and show the property to other buyers.

sales contract

A document that buyers and their agents use to prepare the purchase offer for the sellers

Ex. What a busy but great week! New licensee Cade had helped his five buyer clients prepare sales contracts. Now it was time for negotiations--his favorite part.

salesperson

A person holding a salesperson's license who works under the supervision of a broker

Ex. As a licensed salesperson, Ben works under the supervision of his broker, Kathy.

sales price

The price at which a property actually sells; also known as "market price"

Ex. While the market value of Sylvia's property was $265,000, because of some structural issues discovered during the home inspection, the sales price ended up being a bit less.

savings and loan association (S&L)

Popular from the 1930's to 1980's, these organizations would pool their savings, loan it to others, then create more loans off of the money that was paid back

Ex. In 1955, Dr. Bennett took out a loan from his local S&L to buy a home for himself and his wife, Betty.

schedule of exceptions

The list of items a title insurance policy does not cover

Ex. When a lost relative of the former owner stepped forward to claim ownership of her property, Mary noted that this eventuality was listed in the schedule of exceptions on her title insurance policy. She was on her own fighting this claim in court.

scope of work

Includes house plans and specifications for new construction

Ex. Jamie included high-end kitchen appliance in his new build's scope of work.

secondary mortgage market

The market for loans sold by the primary market; a secondary lender will service the loan for the consumer

Ex. MegaBillions Bank was a member of the primary mortgage market. It packaged its loans and sold them to the secondary mortgage market. ABC Bank is part of the secondary mortgage market. It buys loans from MegaBillions and services them for the consumer.

second mortgage

A mortgage in secondary position to the first mortgage (e.g., a home equity loan)

Ex. When a foreclosure occurs, the secondary mortgage doesn't receive proceeds until the first mortgagee is paid off. Sometimes there aren't enough funds to repay both loans.

section

One thirty-sixth of a township. In a government survey system, a township is divided into 36 sections.

Ex. A section is a square with mile-long sides and an area of one square mile (640 acres).

Section 8

Series of HUD-funded housing assistance programs that are administered on the state level

Ex. The Housing Choice Voucher program helps voucher recipients get assistance paying their monthly rent costs.

Secure and Fair Enforcement Act (SAFE)

Requires every mortgage loan originator to be fully licensed and carry a mortgage surety bond

Ex. The purpose of the SAFE Act is to provide additional protection for customers and provide anti-fraud measures.

secured loan

A loan backed by collateral (e.g., a mortgage loan in which the property is used as collateral).

Ex. he opposite of a secured debt is an unsecured loan, one not connected to a piece of property. Instead of foreclosing and claiming the collateral, the lender may only pursue a judgment against the borrower.

security

An intangible investment, such as stocks, bonds, or mutual funds

Ex. Real estate investments are securities if they require an investment of money, are a group enterprise, and are intended to make a profit, if that profit is solely derived from the management effort of others.

security deposit

A sum provided by a tenant to a landlord to ensure the landlord is not left with extraordinary expenses or unpaid rent when a tenant vacates

Ex. Chip's landlord charged him a full month's rent as a security deposit. When Chip leaves, provided his rent is paid up and he leaves the apartment in reasonable condition, his landlord will refund this money to him.

security instrument

Evidence of a pledge of an asset, to be used as security for a loan

Ex. A mortgage and a deed of trust are the two primary security instruments used when financing a home.

self-dealing

The undisclosed interest of a licensee in a transaction

Ex. Self-dealing is illegal; therefore, when Martin did not tell his seller that the buyer was his cousin, with whom he had an agreement to split all profits from a rehab, he was committing a crime.

seller agency

A relationship where the licensee represents the seller in a real estate transaction

Ex. Keira made sure to have Ben sign a seller agency agreement when he hired her to list his home.

seller carryback

A seller financing transaction in which the seller carries a portion of the buyer's loan.

Ex. Ann got an 80/10/10 loan, with her lender giving her an 80% loan, the seller carrying 10% of the purchase price, and Ann putting 10% down.

seller net sheet

An estimate prepared by the seller's agent of what the seller's net proceeds will look like if the seller accepts the buyer's offer

Ex. Mike's clients were considering accepting an offer on their home, but wanted to know how much money they'd be taking away, once their mortgage was paid off, the title company fees were paid, etc - so he prepared a seller net sheet for them.

seller's agent

An agent who represents only the seller in the transaction

Ex. Marissa was a seller's agent; she owed undivided loyalty to the seller.

septic system

A private sewer system in which a pipeline connecting to the structure also connects to a drain and septic tank

Ex. Cally's septic system backed up when untreated liquid water clogged the absorption field of the system.

servient estate

The estate that gives the easement.

Ex. Because Daniel had the right to cross his property, Ben's property had the servient estate.

servient tenement

The estate that gives the easement.

Ex. Because Daniel had the right to cross his property, Ben's property had the servient tenement.

setback

The required distance between the property line and the building line

Ex. Cameron was happy that the setback requirement was 12 feet in his neighborhood, especially when he saw the horrible color his neighbor painted his house.

settlement service provider

A service provider who assists in a real estate transaction (e.g., title company representative, mortgage broker, real estate broker)

Ex. Settlement service providers may not pay one another kickbacks. This would be a violation of RESPA.

severalty

A form of ownership that severs the interests of all others; complete, exclusive ownership

Ex. When a single person purchases a home, it is common for the ownership to be in severalty—an exclusive interest in the property.

severance

Altering the characteristic of an item from real property to personal property by removing it from the land

Ex. When Mrs. Goldman dug up her rose bushes, this was an act of severance. They were no longer part of the land, and were now personal property.

share loan

A loan in which the borrower purchasing shares in a cooperative.

Ex. Myra had difficulty finding a lender who was willing to finance a share loan; when she did, her rates were slightly higher than she'd hoped.

sheathing

A plywood covering over the exterior framing members. A final covering is placed over this, usually siding, brick, stucco or stone.

Ex. Mike Grant used wafer board for sheathing on his exterior framing. On top of that he put wood or stucco and stone.

Sherman Act

An 1890 act to protect the public from antitrust practices, such as monopolies or combinations that restrain trade

Ex. The Sherman Act covers trade and commerce with foreign countries and between states (interstate) commerce.

short sale

A distressed homeowner sells a property for less than is owed; requires lender approval

Ex. Tallah did a short sale on her home; she owed $240,000 and it only brought $225,000. Her lender may pursue the difference in a deficiency judgment.

short-term capital gain

Gains realized from an investment held for less than one year (taxed as ordinary income)

Ex. Randy was in the 39% tax bracket. Therefore, his short-term capital gains from selling his investment property after only 10 months of ownership, were taxed at this higher rate.

sick building syndrome

A condition where people start getting headaches and respiratory problems due to being in an environment with poor ventilation or other air quality issues

Ex. Some toxins, such as off-gassing of chemicals used in carpeting and other manufacturing materials, can be an issue in new construction or when remodeling. But toxins used in household cleaners can also be problematic.

siding

The exterior covering of the walls of a house that goes over the sheathing. It may be metal, wood, vinyl, or a combination of fieldstone, brick, or other materials.

Ex. Brick is often used in place of siding in areas where it is more abundantly available.

sill plates

The bottom (or first) horizontal member of a wall or building.

Ex. Think of the sill as the base, or support for the vertical members that will be attached to it.

single agency

When a licensee/brokerage firm acts in a fiduciary capacity for either the buyer/tenant or the seller/landlord in a real estate transaction, but not for both

Ex. Because North Star was acting as a single agent for the Johnsons in the sale of their home, every agent in the brokerage owed fiduciary responsibilities to them.

single-family home

Usually a detached residence designed for one family

Ex. Julia loved living in a condo. She missed her single-family home because of its yard, and privacy, but she didn't miss the upkeep at all!

single-licensed dual agency

When the licensee represents both the buyer and seller in a real estate transaction

Ex. Since Jake represented both the buyer and seller in a transaction, he had to be especially careful not to disclose confidential informaiton that would benefit one party over another.

sinkhole

A depression in the ground caused by gradual erosion or a sudden cave-in

Ex. Sinkholes may be man-made or nature-made, and can cause damage to nearby improvements

situs

The location of a property

Ex. Often the situs of a parcel will determine its value.

sky lease

Allows owners to lease the rights to the air above their property

Ex. Instead of leasing, Donald Trump purchased outright the air rights above the historic Tiffany & Co. store on Fifth Avenue in New York City so he could build his famous Trump Tower next door.

slab-on-grade construction

A foundation that is a concrete slab, instead of a foundation wall. Possible only on level terrains.

Ex. With a slab-on-grade-construction, the concrete is poured directly onto the ground, eliminating either a crawl space or basement.

Small Business Liability Relief and Brownfields Revitalization Act

Aka Brownfield's Law; protects future landowners of contaminated properties from liability under certain conditions

Ex. The Brownfields Law protects buyers, lenders, and insurers from liability from clean-up costs of contaminated properties provided they were unaware of the issues, performed a Phase I environmental assessment prior to the purchase, and met other conditions.

small offering

A security that does not exceed a specific dollar amount, and therefore does not require SEC registration.

Ex. The co-op's value was only $750,000, and therefore its shares did not need to be registered with the SEC.

soffit

The area under the roof extension.

Ex. The soffit can be the underside of any construction element, although it is commonly used to mean the area under the roof extension.

sole proprietorship

A business of one person

Ex. Pat liked to work alone, so he could be sure to control all the decisions and interests of his business, so he created a sole proprietorship.

special agent

An agent whose scope of authority is limited to a specific area

Ex. Real estate agents usually act as special agents to their clients; they assist with the sale but cannot sign contracts for the client or make decisions regarding the property independent of the client.

special assessment

A levy to fund community improvements

Ex. Due to the new city park, all property owners were subject to a special assessment.

special assessment district

Special assessments may only be levied against properties who benefit from the public project

Ex. Kristi's home was far enough away from the community park that she was not in the special assessment district and was not subject to the assessments charged homeowners whose properties were closer.

special assessment lien

Levied against real property to help fund the cost of a specific improvement (e.g., putting in sidewalks)

Ex. Owners can pay a special assessment in total, but paying in installments with interest is quite common. If an owner defaults on special assessment payments, the county treasurer has authority to sell the owner's property to pay the assessment

special endorsement

A negotiable instrument that names an individual to whom the instrument will be paid, which is different than the payee or the endorser.

Ex. Kathy got a check from her mother for Christmas, but owed her brother, Tim, money, so on the back she included this special endorsement: ""Pay to the order of Tim"" and signed her name below it.

special flood hazard areas (SFHAs)

Areas designated as prone to flooding; used to determine cost of flood insurance

Ex. Brady lived in a special flood hazard area and was required to carry flood insurance by his lender.

special lien

A lien on a specific property. A property tax lien is an example of a special lien.

Ex. When Demetria stopped paying her property taxes, the county placed a special lien on her property.

special purpose real estate

Real estate with a limited market because of its unique nature.

Ex. A church, baseball stadium, and car wash would be examples of special purpose properties. Remodeling the properties for other uses would be cost-prohibitive.

special use permit

Allows a property to be used in a way that isn't really in accordance with zoning regulations

Ex. Although the 50-acre area was zoned for residential use, the demand for a new golf course was so great that the developer was able to obtain a special use permit to build it.

special warranty deed

Aka limited warranty deed or bargain and sale deed; a deed in which the grantor only guarantees the title against defects arising during the time the grantor owned the property but not against defects that may have been in existence before taking ownership of the property

Ex. A special warranty deed often includes language such as ""by, through or under the grantor but not otherwise.""

specifications

Written narratives explaining a building plan.

Ex. Building specifications often include the materials used, design features, and an explanation of systems used.

specific lien

A lien levied against real property (e.g., mortgages, mechanic's liens, and materialmen's liens)

Ex. Because Scott financed his home, his mortgage was a lien against his property.

sphere of influence

The people who know, like and trust you

Ex. Beth knew that, to succeed in real estate, she should concentrate most of her marketing efforts on her sphere of influence.

sponsor

A developer/owner who creates offers for sale a condominium or cooperative

Ex. As the sponsor of Alpha-Beta Cooperative, Brenda offered units for sale, and had the option of selling her units without board approval.

sponsoring broker

A sponsor is another name for a representative broker. A sponsor "sponsors" the licensees who work under the broker by supervising them, compensating them, and assuming responsibility for their activities.

Ex. Mark is a real estate broker at Able Realty. He sponsors 11 salespersons and three associate brokers.

spot zoning

The act of allowing a specific property to be zoned differently from adjacent properties

Ex. Arty had friends on the zoning board of appeals and was able to muscle in a spot zoning change to commercial for his property so he could run a restaurant in his neighborhood.

stabilized budget

Budgeted funds to cover operating expenses to remain constant for a period of time

Ex. Ross created a stabilized budget—one he believed would remain fairly constant for the next five years.

stagflation

A combination of inflation and stagnant economic growth

Ex. Although the economy was flatlined, inflation still existed. This stagflation felt like the heatwave before a thunderstorm.

staging

Preparing a property for show or sale by removing clutter, moving furniture, adding accessories, etc.

Ex. Monica always recommended that her clients hire a professional stager. She had seen what staging a property could do for quick sales, not to mention sales price, and recommended the service highly.

standards for acceptable designs (SAD)

ADA regulations that apply to new construction or remodeling of public accommodations and commercial buildings

Ex. The ADA periodically updates SAD, so builders and licensees working with new construction should check the ADA website for the latest guidelines.

statute of frauds

A legal concept stating that contracts involving the creation or conveyance of an interest in real property must be in writing to be enforceable

Ex. When Ted's customer, Fred, balked at the idea of signing a contract to buy some land, Ted explained the statute of frauds.

statutory laws

Laws created by statute, as opposed to case law

Ex. Posted speed limits are examples of statutory law.

statutory lien

A monetary encumbrance that's placed on a property by statute

Ex. Because they're allowed under state law as statutory liens, contractors can file a mechanic's lien on a property if the owner doesn't pay for work that was performed.

statutory year

Assumes that all months in the year have 30 days; calculations are made based upon a 360-day year

Ex. Lenders often use the statutory proration method in their calculations.

steep slope

Land whose slope is 30-45% or steeper, or a % as determined by the local building department to be a ""steep slope.""

Ex. When building on steep slopes, flooding is often a consideration.

steering

The illegal practice of nudging buyers away or toward a specific area based on the presence or absence of protected class members in the area relative to the buyers

Ex. When Jillian told her Asian buyers that they wouldn't be happy in the Irvington neighborhood because of its nearly all-white population, she was illegally steering them away from the neighborhood.

step-up/graduated rent

A gradual increase in rent, agreed upon at lease signing

Ex. When Pat rented office space in the Peach Tree Office Park, he signed a 5-year lease, with the increases in rent each year laid out in the lease document.

stigmatized property

A property that buyers may shy away from for reasons other than physical defects, such as a property being the site of a murder

Ex. Each state has its own laws regarding what stigmas licensees are required to disclose, and which they can keep mum about.

straight-line depreciation

Income tax depreciation taken through regular deductions over time

Ex. Residential properties have a 27.5-year straight-line depreciation schedule; commercial properties are on a 39-year straight-line depreciation schedule.

straight-line loan

The portion of the payment applied to the principal remains the same with each payment, and the interest amount varies according to the outstanding loan balance

Ex. With a straight-line loan, the amount of each payment changes, and the borrower makes higher installment payments at the beginning of the loan when the loan balance is higher and more interest is due. Over time, the amount of each installment payment lowers the outstanding balance.

straight loan

A loan in which the periodic payments go to interest only and the entire loan amount is due at the end of the term

Ex. A straight term mortgage is a type of balloon mortgage in which the last payment (the balloon) pays off the balance.

studs

Framing members used vertically for wall construction

Ex. When hanging heavy objects on a wall, it's wise to nail the hanger for the object into the stud for security.

sub-agent (or subagent)

A licensee engaged to act for another licensee in performing brokerage tasks for a principal, who then owes the same obligations to the principal as the principal's agent; often a licensee from a competing firm who brings the buyer to the deal, but instead of representing the buyer, works under the listing agent as a representative of the seller

Ex. Carol was a sub-agent of Jennifer, the seller, although Jim was Jennifer's listing agent. Carol helped try to find a buyer for Jennifer's property.

subdivision

Land that's been or is being developed and is divided into lots.

Ex. Grant Meadows was Mike Grant's subdivision. He was looking forward to not only developing but building out half of the lots.

subdivision regulations

Rules for a subdivision that ensure compliance with zoning and public safety and preserve real property value

Ex. Tiny Town’s subdivision regulations required that homes be built from 1,000 to 2,000 square feet—no more, no less.

subject property

The property for which a borrower intends to get a loan.

Ex. Carry is trying to buy a condo and will be using it as a subject property for an appraisal.

subject to clause

A buyer can purchase a property "subject to" the seller's loan; the buyer is supposed to continue payment of that loan, but the seller is still ultimately liable for it

Ex. Tammy bought Sam's house subject to his loan. If Tammy stops making payments, though, Sam will still be ultimately responsible for them.

sublease

An agreement for a new occupant to live in the premises and pay rent to the tenant, who pays the landlord. Requires written permission of the landlord.

Ex. Randy is going on a European tour and decides to sublease his apartment, with his landlord's approval. He subleases to Lisa, who pays Randy; Randy remains responsible for paying rent to the landlord.

subordinate financing

A mortgage or loan secondary to another.

Ex. When Amity took out a home equity line of credit, her lender charged her a premium interest rate because it was subordinate financing, and in the even of a foreclosure, the home equity loan would be paid after her first mortgage.

subordinate lease

A lease in which the lender retains the right to evict the tenant if the borrower defaults

Ex. Jameson was livid! Due to his subordinate lease clause, he was being evicted from his home simply because his landlord--the building's owner--defaulted on his loan.

subordination agreement

An agreement to subordinate a senior to a junior lien

Ex. Lenders will sometimes agree to subordinate their mortgage lien to another mortgage if they are certain the property value will pay off both mortgages if foreclosure becomes necessary.

subordination clause

Allows the security instrument's lien position to be placed in a lower priority to a new loan using the same property as collateral

Ex. When Amanda opened a home equity line of credit, the document included a subordination clause, making the HELOC secondary to her senior mortgage.

subprime loan

A loan offered at a rate above prime to individuals who don't qualify for prime rate loans

Ex. Andrea encouraged her buyer clients who needed subprime loans to thoroughly research lenders to make sure they were trustworthy.

subrogation

The substitution of one party for another whose debt the party pays, allowing the paying party the rights and remedies that would otherwise belong to the debtor.

Ex. Because the title company paid his debt off, Mort, the contractor, agreed to subrogate his rights in the foreclosure.

subrogation (insurance)

When a covered party grants permission to the title company to pursue a party that caused a claim or loss

Ex. When the title company is forced to pay a claim against the policy, the covered parties give the title company permission to pursue the party who caused the loss. The covered parties are said to “subrogate” their rights to the title company.

subsidy

A method of lowering closing costs through seller-paid closing costs. They are often tax-deductible and are called a seller subsidy.

Ex. For example, a seller can assist a buyer up to 3 percent of the closing costs.

substantive law

Law addressing actions as opposed to procedural law.

Ex. Agency and torts are examples of substantive law.

subsurface rights

Rights related to the use of minerals and other products below the surface of the property

Ex. In order for someone to extract oil from your property, you would have to lease or sell your subsurface rights.

Superfund Amendments and Reauthorization Act (SARA)

An amendment to CERCLA (the Comprehensive Environmental Response, Compensation, and Liability Act

Ex. Passed in 1986, this expanded the definition of individuals liable for environmental cleanup costs. However an amendment was made to CERCLA at the same time for an “innocent landowner” defense.

supply and demand

Economic variables that are inversely proportionate to price

Ex. When supply is low, demand is high and price is high. When supply is high, demand is low and price is low.

surface rights

The right to use, or an ownership interest in, the surface of a property, including both land and water

Ex. Ownership of surface rights do not include air rights or mineral rights; however, most homeownership rights include all three.

surface water

Water that's above the ground in the form of rivers, streams, lakes, ponds, seas, and oceans. Includes storm runoff.

Ex. Surface water is owned by the public.

surplus

When spending and bills are less than revenue

Ex. Since getting a raise, Ariana was able to put money in savings each month because of the surplus that was left after she paid her bills.

survey

A blueprint or map showing measurements, boundaries and area of a property, sometimes required by lenders to ensure that no encroachments exist

Ex. EZ Mortgage asked Vince to pay for a survey of Karen's property to verify boundary lines and ensure there were no encroachments.

suspension

The temporary halting of licensure, and licensing privileges. A licensee may not practice activities requiring a license while the license is under suspension.

Ex. Ron is alleged to have violated Article 12-A, and the DOS suspended his license pending an administrative hearing. While his license is under suspension, Ron must cease all real estate activities for which a license is required.

sweat equity

A contribution to the value of a property made in labor, rather that funds.

Ex. Jeff and Eleanor are partners in investment properties. Eleanor puts up the funds and Jeff's contribution is in sweat equity. He rehabilitates the property and when it sells, they split the profits accordingly.

T - U

tacking

The process of adding one adverse possessor's possessory time to the subsequent owner's adverse possession time to meet the statutory requirements

Ex. Although Andy had only been using Jacques' property for 5 years, when his daughter, Amy, inherited the property, she continued the adverse use and eventually met the statutory requirement by tacking her time on to her dad's.

take-out loan

Used to convert a short-term construction loan to more traditional, long-term financing; aka end loan

Ex. Once the Millers received their certificate of occupancy on their new vacation (and one day retirement) home, they converted their construction loan to a take-out loan, a more traditional 30-year mortgage.

taking

Governmental appropriation of property; a taking may or may not use the power of eminent domain

Ex. The state government planned to take several properties in order to build the new state highway, but the Takings Clause in the Fifth Amendment required it to give compensation to the owners in exchange for the title.

tax assessor

The tax assessor is a local government official who estimates the value of real property within a city, town or village. The assessor may be elected or appointed, and serves for six years. In addition to placing value on all taxable property, and listing it on the assessment roll, the assessor maintains tax maps, assists taxpayers with certain exemptions, and maintains property tax records for the municipality.

Ex. Once Mary's property is sold, the sales price and permit status will be reviewed by the tax assessor, who will likely update the tax value at the next assessment period.

tax-deferred exchange

Trading of business properties or investment properties in order to defer paying taxes on gains from a sale of the property.

Ex. If Jerome doesn’t identify a property with which to do a tax-deferred exchange, he will have to pay capital gains on the sale of his triplex.

tax depreciation

Deductions in taxes taken against property depreciation over time

Ex. Due to his tax depreciation schedule, Scott was able to deduct $7,000 per year on his investment property.

tax lien

A lien imposed for nonpayment of taxes

Ex. Tax liens include estate and inheritance tax liens, income tax liens, property tax liens, corporation franchise tax liens. Only the real property tax lien is specific; the others are general and may cause a lien against all property of the individual.

Taxpayer Relief Act of 1997

Legislation that allows first-time home buyers to use up to $10,000 of their IRA funds towards the down payment and closing costs of their new home without paying an early withdrawal penalty.

Ex. Joanne didn't have to worry about paying an early withdrawal penalty when she took out $10,000 from her IRA as a down payment on her new home, since that use is exempt from the penalty.

Tax Relief Act of 1997

Allows first-time homebuyers to use as much as $10,000 of their IRA funds to pay the down payment and closing costs of their new home without incurring an early distribution penalty

Ex. Buyers still have to pay taxes on the distribution, and the distribution must be used within 120 days or else the penalty will be charged.

tax sale

Property with unpaid taxes is sold at auction

Ex. Licensee Kara helped her investor clients by searching tax sale properties that were going up for auction.

tax shelter

A way to protect income from taxes, such as depreciation.

Ex. Because of his depreciation, which reduced his taxes, Scott was able to shelter some of his investment income and use that to make additional investments.

tenancy at sufferance

A tenant continues to occupy a property after lawful authority has expired. The tenant is known as a holdover tenant.

Ex. When Ben's lease expired, he didn't feel like going to the trouble of finding a new place to live, and he knew his elderly landlord didn't check the paperwork very often, so he kept living there as a holdover tenant.

tenancy by the entirety

A type of concurrent estate in real property in which the owners of property are married; each spouse has an equal and undivided interest in the property

Ex. Often, the default estate when a married couple purchase a property is tenancy by the entirety.

tenancy for years

Tenancy for a fixed period of time (it may be weeks, months or years).

Ex. Ralph had a tenancy for years. His lease was up in six months.

tenancy in common

A form of ownership that includes an undivided interest in the property; owners may sell, convey, mortgage or transfer their interest without the consent of co-owners

Ex. Bailey and her brother Bill inherited their uncle's house. The will did not specify how they were to take title, so they were automatically made tenants in common.

tenant's agent

An agent who represents only the tenant

Ex. Bob contracted with Lisa to find her an apartment to lease. Bob was a tenant's agent for Lisa.

termination

A license is terminated when a salesperson or associate broker is no longer associated with the sponsoring broker.

Ex. Terminations must be done online.

termination of association notice

The DOS must be notified when a licensee is no longer sponsored by a broker. Termination notice is provided online by the terminating broker.

Ex. Dinah tells her sponsoring broker, Mitch, that she no longer wishes to associate with his firm. "No hard feelings, Mitch," she says. "I just want to work with my friend, Shelby, who is the broker at another firm." Mitch must provide the DOS with a termination notice before Dinah can associate with Shelby.

testate

Dying with a will in place

Ex. Because Rachel died testate, her last wishes were known by all.

testator

One who drafts a valid will.

Ex. ""Being of sound mind, I do bequeath…"" began the testator Cheyenne Smyth, as her attorney began to take dictation.

testers

People hired to impersonate prospective buyers or prospective tenants to determine whether a landlord or seller is practicing discriminatory behavior.

Ex. When Caucasian testers—who presented the same income level, employment history and credit rating—were treated differently by a landlord than their minority counterparts, this was an example of discrimination.

thrift

Smaller lenders, such as savings and loan associations, credit unions, and mutual savings banks

Ex. Freddie Mac concentrates its secondary mortgage purchases in this area, while Fannie Mae purchases mostly from larger commercial banks.

tie-in arrangement

An antitrust violation in which the provider of a service requires the customer or client to purchase another service as a condition of the transaction

Ex. Fred told his client: ""If you want me, you've got to use my mortgage broker, Barry. He's the best in the business and makes problems go away. I won't work with anyone who doesn't use him."" This is an illegal tie-in arrangement, and Fred is violating antitrust law.

timeshare

A condominium-type property that is occupied for short periods by multiple unrelated individuals. These individuals may own real interest in the property or simply the right to use the property for specific times and duration.

Ex. Helen bought a time share on the Oregon coast that allowed her to have her own place when she visited her daughters for two weeks a year.

timeshare estate

The type of timeshare ownership that is a fee simple ownership

Ex. Max planned on using his timeshare estate in Hawaii for a number of years, then selling it once the property appreciated enough for him to make a decent profit.

timeshare interest

Another term for owning a timeshare; also known as "interval ownership," "interval ownership interest," and "vacation ownership interest"

Ex. Sam bought timeshare interest at a resort in Cancun so he could soak up some sun and avoid the cold for a couple of weeks every January.

timeshare use

This type of timeshare ownership does not convey ownership, just the right to occupy the property for the period of time set forth in the timeshare contract.

Ex. Since Monica's timeshare interest was taken as ""timeshare use,"" she could enjoy the property as much as her contract allowed, but wouldn't be able to sell it herself eventually.

title

The legal concept of property ownership and the rights that go with it

Ex. When the transaction between Karen and Vince is closed, Vince will have title to Karen's property.

title closing

A meeting between the transactional parties and other interested persons to sign closing documents, pay and receive money, and receive title to real estate

Ex. A happy day in a real estate professional's life is title closing. It means a paycheck is coming!

title commitment

A document outlining that a title insurance policy will be issued to the buyer provided certain conditions are met (usually a required payoff of liens or other title defects)

Ex. A title commitment is issued after a detailed title search uncovers any outstanding liens, mortgages, or other title defects that would prevent the title from transferring clearly.

title company

The business used to determine clear ownership and possibly to facilitate the closing

Ex. XYZ Title Company examined the title for the property Bill was purchasing. When it was satisfied as to the condition of title, it agreed to insure the title, for which Bill paid the premium.

title examination

An examination by a title company to determine marketable title or uncover any deficiencies in title

Ex. ABC Title performed a title examination on Karen’s property and it turned up no known defects.

title insurance

An insurance contract insuring the policy owner against financial loss if the title to real estate is defective

Ex. Because title defects sometimes are not public record, and are not found in a title search, Vince purchased title insurance to protect his interests.

title search

A title company's search to determine marketable title or to uncover any deficiencies in title

Ex. ABC Title performed a title search on Karen’s property and it turned up no known defects.

title theory

The theory that a lender owns the property until the underlying loan is paid off

Ex. Whether a state is a title theory state or a lien theory state (in which the lender is considered to have a lien but not ownership of the property while the loan is unpaid) impacts the foreclosure process.

topography

The physical features and contours of the land

Ex. Mike Grant included topography in the site plan he submitted to the planning board for approval. It showed trees, boulders, and the location of wetlands and streams.

torts

Legal wrongs

Ex. A tort is a wrongful act, and may be intentional or unintentional.

townhome (townhouse)

A single-family home attached to another on one side; often built in a two-story design

Ex. Maurice loved his townhome. He had a small back yard and, fortunately, the neighbor who shared one wall with him was rarely home.

township

A square that is six miles by six miles (36 square miles) and makes up the principal unit of the rectangular government survey system.

Ex. A complete legal description using the rectangular survey system consists of four segments: the tract description, the section number, the township number and direction, and a range number and direction.

trade fixture

A piece of equipment or other item that is on or attached to the real estate which is used in a trade or business. The term "trade fixture" is actually a misnomer, because the item, while attached, may be removed by the business owner as a personal item.

Ex. When she moved her business location, Candy took the neon business sign flashing "Candy's Chocolates." Even though it was permanently attached to the building, it was a personal item (as a trade fixture) and could be removed legally.

transfer of development rights

Programs that encourage growth away from agricultural and environmentally sensitive open space regions to more appropriate areas

Ex. Farmers in Nell's community transferred their development rights to urban developers, who then used those rights to build more units. The farmers were compensated for the sale.

transfer tax

A tax applied upon the recordation of a transfer of ownership in real property. Sometimes referred to as revenue stamps or tax stamps.

Ex. Transfer tax may also be tax stamps applied to a deed and paid for by the buyer or seller in a real estate transaction.

Treasury index

An index based on the yield from sales of Treasury bills and securities.

Ex. Phil's adjustable rate mortgage was indexed by the Treasury bill yield. If the yield went up, his rates would rise at the next rate adjustment period.

TRID/TILA-RESPA Integrated Disclosures

Replaced the HUD-1, Good Faith Estimate, and Truth in Lending disclosures with the Loan Estimate and Closing Disclosure

Ex. Lenders and brokers alike need to play by the rules of TRID, especially concerning the three day window for consumer review of the documents; any changes means that three day timeframe starts over again.

triggering term

Term that, when used in advertising, requires disclosure of other terms so as not to mislead consumers

Ex. When creating the advertising pieces for the new subdivision, Astrid intentionally omitted triggering terms such as "only 3% down."

trigger term

A term that, if used in advertising a loan product, requires the disclosure of all other terms.

Ex. Trigger terms require disclosure of all terms to include: the cash price of the home, the amount of the down payment required or that none is required, whatever is applicable, the number of payments necessary to repay the loan, the amount of the payments, due dates or period of payments scheduled to repay the debt, the APR of the finance charge.

triple net lease

A lease in which the tenant is required to pay rent plus taxes, insurance, and maintenance costs

Ex. Charlene entered into a triple net lease with her landlord, so she'd pay the rent and any associated taxes, insurance, and maintenance costs for renting out the space for her nail salon.

truss

A framework of rafters, posts, and struts, supporting a roof; usually manufactured offsite

Ex. The truss system has for the most part replaced the rafter system in current construction, in part because its installation can usually be done in a day compared to a week for a rafter-type system.

trust

An estate planning vehicle in which property is owned by an entity controlled by the trust maker.

Ex. Lyle put all of his property into trust so that in the event of his demise, his assets could pass to his heirs outside of probate.

trustee

The person in charge of carrying out the terms of the trust

Ex. Lisa was the trustee for her parents' estate, and acted on behalf of herself and her siblings, as beneficiaries.

trustee's deed

A deed executed by a trustee that conveys land held within a trust.

Ex. A trustee's deed is often by a trustee in bankruptcy to sell real property of the debtor.

trustor

The individual creating the trust

Ex. Lisa's parents, as trustors, decided to make Lisa the trustee as she has always been the sensible one of their children.

Truth in Lending Act

TILA requires disclosure of all financing terms when specific trigger terms are used in advertising.

Ex. Due to the Truth in Lending Act, it's illegal for a lender to state ""0% financing!"" in a financing ad if the remaining terms aren't disclosed.

Truth in Lending Act (TILA)

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umbrella policy

An insurance policy that covers additional risks beyond the underlying policies; doesn't apply until the primary insurance coverage is exhausted

Ex. Abe's standard policy only covered $50,000 for medical expenses. When he was sued for $125,000 and lost in court, the additional $75,000 was picked up by his umbrella policy.

Unauthorized practice of law

Acting outside the scope of a real estate license by offering legal advice

Ex. Shari put her license at risk by giving legal advice to clients, which is the unauthorized practice of law.

undeclared improvements

Enhancements to a property without benefit of a building permit or notification to the taxing authority

Ex. You should caution homeowners against unpermitted remodeling. Undeclared improvements can result in penalties when discovered.

underground storage tanks

A tank for storing liquids, such as chemicals or oil, below ground

Ex. Because the underground storage tank holding the heating oil for his home was more than 20 years old, Chuck worried about it possibly leaking and contaminating the soil.

underwriting

The detailed analysis of a loan application, evaluating the borrower's ability to repay the loan and conformance to the lender's qualification standards

Ex. Brent was excited when his loan went to underwriting. Although he was asked for more information and documentation, this meant that his loan was underway!

undisclosed buyer rebate

A type of mortgage fraud in which the seller or another party provides funds that aren't included in the settlement statement (a legal buyer rebate must be disclosed to the lender and appear on the settlement statement)

Ex. The closing on the property on Market Street didn't go through when an undisclosed buyer rebate was uncovered.

undisclosed dual agency

Representing more than one party in a transaction without fully disclosing the agency relationships to all parties

Ex. Several states allow dual agency (representing more than one party in a transaction), but undisclosed dual agency is illegal in all 50 states.

undivided interest

An ownership situation in which each person shares in the ownership of the entire property

Ex. Tenants in common have an undivided interest in the property. Although one person may own one-half, and another a third, and another a fourth, etc., each shares in the property as a whole.

undivided loyalty

One of the duties an agent owes to the client, undivided loyalty means the agent puts the client's interests ahead of all others, including the agent's own.

Ex. Chip is Angelina's agent. She is about to make a terrible purchasing decision. Chip's duty of undivided loyalty means that he must put Angelina's interests ahead of his own, and tell her about the potential problems, even if it means losing a commission.

undue influence

Using a position of trust or power to bend them to your will

Ex. As Nevin's guardian, Thomas was in a position to use undue influence over him in legal matters.

unearned increment

Increase in property value as a result of inflation, change in neighborhood directional growth or other external factor

Ex. Staying in her home for 30 years literally paid off for Tenley; property values had increased so much in her neighborhood over the past three decades that she made out like a bandit when she sold her house.

Uniform Electronic Transaction Act (UETA)

Gives electronic signatures and documents the same legal weight as paper writings and signatures

Ex. As Flavia securely emailed her clients several documents needing their signatures and then received them back all signed within one hour, she thanked her lucky stars and UETA for making her job so much easier.

Uniform Irrevocable Consent and Designation form

A document that, when signed, gives the state the authority to serve a summons on out-of-state residents in New York.

Ex. Although Jackson tried to hide from being served with a supbonea, because he had signed the uniform irrevocable consent and designation form, his summons was served in New York, and he could not deny having received it, nor use his absence from the state as an excuse.

Uniform Residential Appraisal Report (URAR)

Provides a standard method for reporting results when appraising single-family homes

Ex. The URAR includes sections to report all data collected for the appraisal, and the method used to arrive at a final opinion of value. Lenders require the URAR any time a property is bought or refinanced.

Uniform Residential Landlord Tenant Act of 1972 (URLTA)

A series of laws intended to lay out standardized responsibilities and rights of both tenants and landlords

Ex. Even though few states have adopted this act exactly as it's written, most states have adopted some version of it.

Uniform Standards of Professional Appraisal Practice (USPAP)

The federal standards that appraisers must abide by when appraising federally related transactions

Ex. Because Momo was appraising a property for which a federal loan was involved she had to follow USPAP standards.

unilateral rescission

When one party cancels the contract

Ex. When Dave breached his contract with Joe, Joe had the power to unilaterally rescind their agreement.

unimproved land

Land that has no structures built upon it, and no services.

Ex. The vacant property had no structures, no water, and no utilities. It was unimproved.

unintentional misrepresentation

Occurs when a licensee makes an inadvertent misstatement, the buyer relies on it, and the buyer is harmed

Ex. Because licensee Ellie didn't know there was an electrical issue within a house's walls, she committed unintentional misrepresentation by telling the buyer there were nothing to worry about—until the house burned down shortly after closing.

unity of person

The fifth unity required to take property as tenants by the entirety, based on the legal principle that married couples constitute a single legal entity

Ex. This form of ownership gives each spouse an equal, undivided interest in the property.

unity of possession

Each co-owner acquires an undivided interest in a property at the same time.

Ex. No joint tenant can have exclusive right to possess the property.

universal agent

A person with unlimited power to act for another, such as a conservator or one who holds a broad scope power of attorney

Ex. As guardian for her nephew, Shawna acted as his universal agent in all matters.

urea-formaldehyde foam insulation (UFFI)

A foam insulation containing large amounts of formaldehyde

Ex. While contractors have stopped using UFFI, the material is still in use in many homes. However, most of its toxins are released in the first two to three years making older insulation relatively benign.

USDA Farm Service Agency (FSA)

Provides both direct farm ownership loans and guaranteed loans to lenders

Ex. Darla's job as an underwriter with the FSA helped her approve loans for new farms and farming ventures.

USDA Rural Housing Service (RHS)

Helps low- and moderate-income individuals attain housing in rural areas through grants, loans, and loan guarantees

Ex. The RHS exists to to build or improve housing and essential community facilities in rural areas of the U.S.

U.S. Department of Housing and Urban Development (HUD)

A federal department that addresses housing needs, homelessness, and discrimination in housing

Ex. Every HUD-assisted project must be examined to ensure that it does not negatively impact the surrounding environment and that the site itself will not have adverse effect on end users.

use variance

Permission to use the land for a purpose prohibited by current zoning restrictions.

Ex. April was able to get a use variance for her property and build a duplex where the zoning ordinance had called for only single-family homes.

V - Z

vacancy rate

A percentage of all available units in a given market that are unoccupied at a given time

Ex. Vacancy rate = number of vacant units ÷ total units

valuable consideration

An agreement to provide something of worth to another that is either a loss incurred by the person making the promise or a benefit received by the other person; it is an essential element of a binding contract

Ex. When Biff promised to give Calli his jet ski in return for her horse trailer, the trailer and jet ski were valuable considerations in their agreement.

valuation

An estimate of value; an appraisal.

Ex. Appraisers arrive at a valuation by applying a specified set of criteria.

value in use

The worth of a property as the owner is currently using it

Ex. Value-in-use may include cash flow and other benefits that a property generates for its owner under a specific use.

VA mortgage

See VA loan

Ex. See VA loan

variable expenses

Expenses that change, depending on occupancy level

Ex. Water usage was a variable expense in the Pythian Apartments. The more tenants, the higher the bill.

variance

A permitted deviation from zoning

Ex. Brandy had to obtain a variance for her property as she had to build three feet closer to the road than was permitted in the zoning ordinance.

vicarious liability

The liability of a person for the actions of another when the other person is acting on his or her behalf

Ex. Even though Stew did not ask his agent to lie for him, the fact that his agent did put Stew at risk of being vicariously liable for his agent's actions.

Village Board of Trustees

The mayor and trustees of a village compose the village board of trustees; they are all elected officers. The Village Board of Trustees operates similarly to a City Council or Town Board. It adopts laws and ordinances including the zoning ordinance, adopts the municipal budget and tax rate, determines whether to invoke eminent domain, approves or disapproves of certain residential or commercial projects, approves or disapproves of infrastructure projects such as roads, schools, water pipes, and roundabouts, and may call a moratorium on building if it feels that would be best for the community.

Ex. Mary met with the town council, which functions similarly to the Village Board of Trustees. The Town Council looked at her plans initially, and recommended that she present before the planning board.

violation

A failure to abide by a rule or law

Ex. A violation of real estate law may result in reprimand, fines, and license revocation or suspension.

VOCs

Volatile organic compounds; emitted as gases from certain solids or liquids

Ex. Concentrations of many VOCs are consistently higher indoors (up to 10 times higher) than outdoors.

volatile organic compounds

VOCs; When they break down, they release toxins into the air/atmosphere, endangering health and the environment

Ex. Concerned for her family's health, Heather made sure to purchase low-VOC paints and solvents when she repainted the family home.

voltage

The electrical pressure that pushes through electrical wires.

Ex. Power surges, which increase the voltage in your electricity lines, can be caused by lightning striking nearby, increasing the electric pressure by millions of volts (even a surge protector won't be able to save your computer in this case)

voluntary alienation

The loss of real property ownership with the owner's consent (e.g., traditional sale)

Ex. When Craig sold his property to Yvette, this was an example of voluntary alienation.

voluntary lien

A lien that is agreed to, such as a mortgage

Ex. Scott's mortgage was a voluntary lien against his property.

walk-through

A buyer's final inspection of a property to determine if all of the conditions to the purchase agreement have been satisfied and that the home is in the same condition it was in when it went under contract

Ex. Evelyn was very eager to do the final walk-through of her new townhome before she bought it; a fireplace was on her list of ""must-haves"" and it wasn't working at the home inspection. She was eager to see if the required repair had been made.

wallboard (aka plasterboard)

Building material used to make walls that consists of large pieces of plaster covered with paper.

Ex. One of the messier jobs in construction is the installation of wallboard, especially when a lot of cutting is involved—the plaster dust goes everywhere.

warranty

In a deed, a guarantee that what is stated or promised is true

Ex. The deed to Paul's new home included a warranty that there were no outstanding liens on the property.

water rights

The rights to use the water either on or adjacent to ones land.

Ex. Water rights are an important consideration if the landowner intends to farm.

watershed

Land formations that direct the water “shed” from higher elevations to lakes, streams, and other bodies of water

Ex. Coastal areas that have heavy clay soil, shallow bedrock, and steep changes in incline are particularly sensitive to changes caused by development or landscape shifts.

water table

The ground saturation point

Ex. Sheri found that her water table was actually 200 feet below the surface, making drilling for a well quite expensive.

wetlands

Areas of standing water, wet all or most of the year, that support aquatic plants, including bogs, marshes, swamps, and sloughs, with very high diversity of species

Ex. Many states have laws and policies in place to protect ecosystems such as wetlands.

wholesaling

Buying real property at deep discounts and immediately selling for a small profit

Ex. Now that Brent had been investing in real estate for a few years, he discovered his real knack was in wholesaling.

will

A written document detailing the disposition of assets after death, and other wishes, signed by the testator.

Ex. The last will and testament of Barnaby Collins stipulated the placement of his above-ground coffin away from sunlight.

wood-destroying insects

Termites, wood-boring beetles, carpenter ants, and other insects that damage a property's wooden structural components

Ex. Termites are often referred to as "silent destroyers" because they can munch their way through the cellulose found in anything made of wood—flooring, wallpaper, etc.—without the homeowner noticing.

Wrap-Around Mortgage

This is a form of seller financing in which the seller's mortgage remains in place, but the seller is receiving payments from the new buyer and therefore financing the purchase. The mortgage payments the buyer makes are expected to be higher than the payments on the seller's original loan, so the seller isn't paying out of pocket. It's generally a relatively short-term arrangement (perhaps five years), made until the buyer is able to qualify for a conventional mortgage, and will then pay off the remaining principal to the seller.

Ex. Short term solution until the buyer can acquire a conventional mortgage.

zoning

Establishing specific classifications to land that impacts how the land may be used

Ex. Due to zoning restrictions, Amelia was unable to develop a multifamily housing project on her land.

Zoning Board of Appeals

A zoning board of appeals makes zoning ordinances more flexible by keeping zoning legislation out of the courts. One of the main duties of the zoning board of appeals is to maintain the essential character of the neighborhoods; it is an interpreter of the zoning ordinance. The board is appointed by the mayor or city manager, village board of trustees or town board.

Ex. Mary approached the Zoning Board of Appeals to obtain her special use permit for the B&B.

zoning ordinances

Local laws or regulations that implement the comprehensive plan by regulating zoning and land use

Ex. Zoning ordinances regulate things like lot size, building height, and permitted uses within each zoning classification on a zoning map.