

Glossary of Terms - Appraiser, Appraisal and Property

Agency	Term	Definition
FHA	10 Year Warranty	Ten-year warranty refers to an agreement between the Borrower and a plan issuer which contains warranties regarding the construction and structural integrity of the Borrower's dwelling securing the FHA-insured Mortgage. The plan must be a HUD-accepted insured ten-year protection plan.
All Agencies	Abandonment	A property status indicating that (1) the property is vacant and is not being maintained and (2) the property is not offered for sale or rent with a broker.
All Agencies	Accessory Dwelling Unit (ADU)	Refers to a habitable living unit added to, created within, or detached from a primary one-unit Single Family dwelling, which together constitute a single interest in real estate. It is a separate additional living unit, including kitchen, sleeping, and bathroom facilities.
All Agencies	Acquired Property	A property owned by the lender as a result of a foreclosure or acceptance of a deed-in-lieu; often referred to as "real estate owned."

Agency	Term	Definition
FHA	Adjusted Value As-is 203K ONLY	<p>Adjusted As-Is Value (applicable to 203(k) only) (N/A FIMC)</p> <p>For purchase transactions, the Adjusted As-Is Value refers to the lesser of:</p> <ul style="list-style-type: none"> • the purchase price less any inducements to purchase; or • the As-Is Property Value. <p>For Refinance transactions, the Mortgagee must obtain an as-is appraisal to determine the Adjusted As-Is Value when the existing debt on the Property plus the cost of repairs exceeds the After Improved Value, or the Property was acquired within 12 months of the case number assignment date.</p> <p>For Properties acquired greater than or equal to 12 months prior to the case number assignment date:</p> <ul style="list-style-type: none"> • When an appraisal is obtained, the Adjusted As-Is Value is the As-Is Property Value. • When the existing debt on the Property plus the cost of repairs does not exceed the after-improved value, the Mortgagee has the option of using the existing debt plus fees associated with the new Mortgage or obtaining an as-is appraisal to determine the Adjusted As-Is Value. <p>For Properties acquired within 12 months of the case number assignment date, an as-is appraisal must be obtained. The Adjusted As-Is Value is the As-Is Property Value.</p> <p>For Properties acquired by the Borrower within 12 months of the case number assignment date by inheritance or through a gift from a Family Member, the Mortgagee may utilize the calculation of Adjusted As-Is Value for Properties acquired greater than or equal to 12 months prior to the case number assignment date.</p>

Agency	Term	Definition
FHA	Adjusted As is Value(not for 203 K)	<p>Adjusted Value (not for 203(k) Mortgages) (N/A FIMC)</p> <p>For purchase transactions, the Adjusted Value is the lesser of:</p> <ul style="list-style-type: none"> • purchase price less any inducements to purchase; or • the Property Value. <p>For refinance transactions:</p> <ul style="list-style-type: none"> • For Properties acquired by the Borrower within 12 months of the case number assignment date, the Adjusted Value is the lesser of: <ul style="list-style-type: none"> ◦ the Borrower's purchase price, plus any documented improvements made subsequent to the purchase; or ◦ the Property Value <p>Properties acquired by the Borrower within 12 months of case number assignment by inheritance or through a gift from a Family Member may utilize the calculation of Adjusted Value for Properties purchased 12 months or greater.</p> <p>For Properties acquired by the Borrower greater than or equal to 12 months prior to the case number assignment date, the Adjusted Value is the Property Value.</p>
USDA	Ad Valorem Taxes	Property taxes based on assessed value of property.
FHA	ADU	Refers to a habitable living unit added to, created within, or detached from a primary one-unit Single Family dwelling, which together constitute a single interest in real estate. It is a separate additional living unit, including kitchen, sleeping, and bathroom facilities.
Conventional	Amenity	A feature of real property, whether natural or man-made, that enhances its attractiveness and increases the occupant or user's satisfaction, although the feature is not essential to the property's use (such as a scenic view or recreational facility).
USDA	American Indian Restricted Lands	<p>Land or any interest in land, which is:</p> <p>(1) held by an individual American Indian or Federally recognized Indian Tribe or Tribes, including any band, Rancheria, colony, pueblo, group, community or nation of Indians or Alaska Natives, and</p> <p>(2) is subject to Federal restrictions against alienation or encumbrance.</p>
All Agencies	Appraisal	An opinion or estimate of value. Also refers to the process by which a value estimate is obtained
All Agencies	Appraised Value	An opinion of value reached by an appraiser based upon knowledge, experience and a study of pertinent data.

Agency	Term	Definition
All Agencies	Appreciation	An increase in value of property for any reason, except inflation
All Agencies	Assessed Valuation	Value assigned to a piece of property by the local governmental unit for taxation purposes. This is usually less than the market value of the property. The relationship between assessed and market value varies widely depending on location and jurisdiction.
All Agencies	Assessment	A charge made against property by a State, county, city or other authorized taxing jurisdiction.
Conventional	Assignment of Rents	A written agreement wherein the owner of a property gives another party, such as the mortgagee or creditor, the right to collect rents, manage the property, pay expenses, and apply the net income toward delinquent mortgage payments.
Conventional & USDA	Automated Valuation Model (AVM)	Automated valuation models, also known as a comparable sale reports are basically databases online that try to match up similar properties to give an idea of the range of sales prices that has historically been recorded. This information is limited to factual data, such as house size, number of rooms and bedrooms, age, and distance surrounding the house. Some databases use historical information, taken from mostly county record data. Some databases collect information from appraisal reports.
Conventional & USDA	Broker Price Opinion (BPO)	A written estimate of the probable sales price of a property performed by a real estate broker or sales person with or without an interior property inspection. Commonly used for quality control and loss mitigation.
USDA	Capital Improvement	Any structure or component erected as a permanent improvement to real property, which adds to its value and useful life.
VA	Certificate of Reasonable Value (CRV)	An appraisal presented by the Veterans Administration (VA) that shows the current market value of a property.
USDA	Collateral	Property pledged as security for a debt, for example, real estate pledged as security for a mortgage.
USDA	Combination Construction and Permanent Loan	A guaranteed loan on which the Rural Development guarantee becomes effective at the time construction of an eligible single family housing project begins.

Agency	Term	Definition
Conventional & FHA	Community Facilities Districts	Localities that have been empowered by state law to levy special taxes on their residents to fund the capital costs of a wide variety of public improvements (such as roads and sewer services), as well as the ongoing operation and maintenance costs of a limited number of public services (such as schools, police and fire protection services, libraries, etc.) that benefit the community.
All Agencies	Comparable Sales	Also, known as "comps." These are recently sold properties that are similar in size, location and other key facets to a home being purchased.
All Agencies	Condemnation	Depending on context, may refer to a determination that a building is not fit for use or is dangerous and must be destroyed, or the taking of private property for a public purpose through an exercise of the right of eminent domain.
All Agencies	Condominium	A form of property ownership whereby the purchaser receives title to a specified residential unit and a proportionate interest in common areas of the condominium project in which the unit is located.
All Agencies	Condominium Project	A real estate project in which each owner have title to a unit in a building, an undivided interest in the common areas of the project and sometimes the exclusive use of certain limited common areas.
Fannie Mae	Condo Project Manager (CPM)	Condo Project Manager™ (CPM™) is Fannie Mae's web-based tool that enables lenders to quickly and easily certify a condo project (or a legal phase of a project) through the CPM review process. The project must meet the requirements for CPM review. CPM's built-in rules apply the best and most streamlined guidelines to a project.
All Agencies	Cost Approach to Value	A method of measuring the value of a property based on the cost of producing a substitute residence that has the same use as the property that is being appraised
All Agencies	Deed Restriction	Refers to a private agreement that restricts the use of real estate in some way, and is listed in the deed.
USDA	Deficient Housing	A dwelling that lacks complete plumbing; lacks adequate heating; is dilapidated or structurally unsound; has an overcrowding situation that will be corrected with loan funds; or that is otherwise uninhabitable, unsafe, or poses a health or environmental threat to the occupant or others.

Agency	Term	Definition
FHA	Defective Conditions	Refers to defective construction, evidence of continuing settlement, excessive dampness, leakage, decay, termites, environmental hazards or other conditions affecting the health and safety of occupants, collateral security or structural soundness of the dwelling.
All Agencies	Density	The ratio of land area to the number of structures built upon it.
All Agencies	Depreciation	A sum representing presumed loss in the value of a building or other real estate improvement, resulting from physical wear and economic obsolescence.
FHA	Early Start Letter	Refers to the document issued by the Mortgagee in response to a builder's request to start construction before the appraisal is completed. The Early Start Letter indicates the Mortgagee's approval of the Property before issuance of form HUD 92800.5B and without affecting the maximum mortgage amount. The Mortgagee can issue the Early Start Letter if local jurisdiction has issued a building permit and a case number has been assigned.
All Agencies	Easement	Refers to an interest in land owned by another person, consisting of the right to use or control the land, or an area above or below it, for a specific limited purpose.
All Agencies	Easement (right of way)	The legal right to use land, or a portion of land, owned by another for a limited purpose.
USDA	Eminent Domain	The right of government bodies, public utilities, and public service corporations to take private property for public use (e.g. schools, roads, etc.) on payment of its fair market value.
USDA	Encroachment	A property improvement that illegally violates another's property.
Conventional	Environmental Hazard Assessment	An evaluation of the environmental soundness of a project development based on information gathered from various sources. A Phase I assessment involves a screening process that focuses on reviewing available documentation, interviewing people knowledgeable about the project, and inspecting the site, the building, and adjoining properties. A Phase II assessment provides a more detailed review of the site (with specific physical sampling for each hazard that was not acceptable under the Phase I assessment) and a review of historical records to determine the presence or absence of specific environmental liabilities or to quantify the extent of an observed or suspected environmental liability.

Agency	Term	Definition
USDA	Environmental Impact Statement (EIS)	A detailed written statement in the public record of major Federal action affecting human environment. The EIS explores and objectively evaluates reasonable alternatives to the Federal action.
USDA	Environmental Review	An analysis of the potential for environmental impacts from a proposed action by the Agency and an examination of alternatives to avoid or minimize adverse impacts on the environment.
All Agencies	Equity	Net ownership, the difference between fair market value of the mortgaged premises and the current indebtedness, the total dollar amount of all mortgages and other liens secured by the property, sometimes called "owner's interest."
USDA	Estimated Net Recovery (ENR)	The figure used by Rural Development to settle a loss claim on an unsold REO. A lender's ENR is based on a liquidation value appraisal to which is applied the current REO cost factor to estimate REO expenses to be deducted.
FHA	Excess Land	Refers to land that is not needed to serve or support the existing improvement. The highest and best use of the Excess Land may or may not be the same as the highest and best use of the improved parcel. Excess Land may have the potential to be sold separately.
FHA	Existing Construction	Existing Construction refers to a Property that has been 100 percent complete for over one year or has been completed for less than one year and was previously occupied.
All Agencies	Existing Dwelling or Unit	A dwelling or unit that has either been previously owner-occupied or has been completed for more than 1-year as evidenced by an occupancy permit, certificate of occupancy, or confirmation of manufacture date or similar document issued by the local authority or affixed to a unit. It does not meet the definition of "new dwelling."
FHA	Existing Less Than One Year Old Construction	Refers to a Property that is 100 percent complete and has been completed less than one year from the date of the issuance of the CO or equivalent. The Property must have never been occupied.
FHA	Externalities	Refers to off-site conditions that affect a Property's value. Externalities include heavy traffic, airport noise and hazards, special airport hazards, proximity to high pressure gas lines, Overhead Electric Power Transmission Lines and Local Distribution Lines, smoke, fumes, and other offensive or noxious odors, and stationary storage tanks.

Agency	Term	Definition
Conventional	External Depreciation (economic obsolescence)	A loss in value that is caused by negative influences that are outside of a property's site, such as economic factors or environmental changes.
All Agencies	Factory-Built Housing	Prefabricated single-family housing (such as panelized, modular, or sectional housing), which is constructed in a factory (and, if applicable, in accordance with the building codes of the state in which the factory is located) and is subsequently joined together at a permanent building site, assumes the characteristics of site-built housing (such as permanent connections to water, electrical, and waste disposal systems), and is legally classified as real property. (Collectively, this term also may refer to manufactured homes. See the definition of that term for distinctions between the different types of factory-built housing.)
All Agencies	Fair Market Value	The price at which property is transferred between a willing buyer and a willing seller - both with good information and no compulsion to buy or sell.
All Agencies	Federal Emergency Management Agency (FEMA) Disaster Area	A city, county, or parish designated by FEMA as eligible for individual assistance as a result of a natural disaster.
All Agencies	Fee Simple	Refers to an absolute ownership unencumbered by any other interest or estate.
All Agencies	Fee Simple Estate	An unconditional, unlimited estate of inheritance that represents the greatest estate and most extensive interest in land that can be enjoyed. It is of perpetual duration. When the real estate is in a condo project, the unit owner is the exclusive owner only of the air space within his or her portion of the building (the unit) and is an owner in common with respect to the land and other common portions of the property.
All Agencies	Flipping	The practice of buying property as an investment at a bargain price, making superficial repairs and re-selling it quickly at an inflated price. Elements of fraudulent "flipping" are older, decaying property, cosmetic repairs, inflated sale price and eager, unsophisticated buyers.

Agency	Term	Definition
Conventional	Functional Depreciation (obsolescence)	A loss in value that is caused by defects in the design of a structure or by changes in market preferences that result in some aspect of a property being considered obsolete by current standards.
FHA	Gross Living Area (GLA)	Refers to the total area of finished, above-grade residential space calculated by measuring the outside perimeter of the Structure. It includes only finished, habitable, above-grade living space.
Conventional	Ground Rent	The amount of money that is paid for the use of land when title to a property is held as a leasehold estate, rather than as fee simple.
Conventional	Group Home	A residential structure utilized for occupancy by persons with disabilities.
All Agencies	Hazard	A condition of the property that jeopardizes the health or safety of the occupants or members of the community, that does not necessarily make it unfit for habitation.
All Agencies	Highest and Best Use	The use of land that will bring the greatest return.
All Agencies	Homeowners' Association (HOA)	A nonprofit corporation or association that manages the common areas of a PUD or condo project. In a condo project, it has no ownership interest in the common areas. In a PUD project, it holds title to the common areas.
All Agencies	Inclusionary Zoning	A practice by which state or local governments impose zoning restrictions that require a specified percentage of new development in a designated area to be set aside to provide housing for low- and moderate-income persons.
All Agencies	Income Approach to Value	A method of measuring the value of a property based on the market rent or income that the property can be expected to earn.
USDA	Indian Reservation	All land located within the limits of any Indian reservation under the jurisdiction of the United States notwithstanding the issuance of any patent and including rights-of-way running through the reservation; trust or restricted land located within the boundaries of a former reservation of a Federally recognized Indian tribe in the State of Oklahoma; or all Indian allotments, the titles to which have not been extinguished if such allotments are subject to the jurisdiction of a Federally recognized Indian tribe.
All Agencies	Land Contract	An agreement to transfer title to a property once the conditions of the contract have been fulfilled. Also known as a contract for deed.

Agency	Term	Definition
FHA	Land Subsidence	Refers to the lowering of the land-surface elevation from changes that take place underground, including damage caused by sinkholes.
VA	LAPP	VA- Lender Appraisal Processing Program - allows VA-authorized lenders to receive appraisal reports directly from appraisers and process them without VA involvement.- See WARMs Chapter 15 for additional information
All Agencies	Lease	A written agreement between the property owner and a tenant that stipulates the conditions under which the tenant may possess the real estate for a specified period of time and rent.
All Agencies	Leasehold	Refers to the right to hold or use Property for a fixed period of time at a given price, without transfer of ownership, on the basis of a lease contract.
All Agencies	Leasehold Estate	A way of holding title to a property wherein the borrower does not actually own the property but rather has a recorded long-term lease on it.
All Agencies	Leasehold Interests	Refers to real estate where the residential improvements are located on land that is subject to long-term lease from the underlying fee owner, creating a divided estate in the Property.
All Agencies	Liquidation Value	The most probable price which a specified interest in real property is likely to bring under all of the following conditions: (1) Consummation of a sale will occur within a severely limited future marketing period specified by the client. (2) Actual market conditions are those currently obtaining for the property interest appraised. (3) The buyer is acting prudently and knowledgeably. (4) The seller is under extreme compulsion to sell. (5) The buyer is typically motivated. (6) The buyer is acting in what he or she considers his or her best interests. (7) A limited marketing effort and time will be allowed for the completion of a sale. (8) Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto. (9) The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. This definition can be modified to provide for valuation with specified financing terms.

Agency	Term	Definition
FHA	Local Distribution Lines	Refers to electric lines that commonly supply power to residential housing developments, similar facilities and individual Properties.
USDA	Major Hazard	A condition so severe that it makes the property unfit for habitation.
All Agencies	Manufactured Home	Any dwelling unit built on a permanent chassis and attached to a permanent foundation system. Other factory-built housing (not built on a permanent chassis), such as modular, prefabricated, panelized, or sectional housing, is not considered manufactured housing. The manufactured home must be built in compliance with the Federal Manufactured Home Construction and Safety Standards that were established in June 1976 (as amended and in force at the time the home is manufactured) and that appear in HUD regulations at 24 C.F.R. Part 3280. Compliance with these standards will be evidenced by the presence of a HUD Data Plate that is affixed in a permanent manner near the main electrical panel or in another readily accessible and visible location. The manufactured home must be a one-unit dwelling that is legally classified as real property. The towing hitch, wheels, and axles must be removed and the dwelling must assume the characteristics of site-built housing.
All Agencies	Market Approach to Value	In appraisal, a market value estimate of property based on actual prices paid in similar market transactions.
All Agencies	Market Value	Refers to the most probable price which a Property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus.
USDA	Metropolitan Statistical Area (MSA)	MSA is a county or group of counties of 50,000 people or more, or "twin cities" with a combined population of at least 50,000. In addition to the county containing such a city, contiguous counties are included in a metro area according to commuting patterns. In New England states, metro areas consist of towns and cities instead of counties, otherwise the rules are similar.
USDA	Mineral Lease	A granting of rights to a third party to mine, drill or otherwise access oil, gas or other valuable natural resources on a property.
VA	Minimum Property Requirements	These are basic health and safety conditions that a property must meet to satisfy the VA. They're also the conditions that make the home sellable. The VA in most cases requires homes to be "move-in ready."

Agency	Term	Definition
USDA	Mobile Home	A manufactured unit often referred to as a “trailer,” designed to be used as a dwelling, but built prior to the enactment of Pub. L. 96-399 (October 8, 1980).
USDA	Modest Housing	For purposes of this part, “modest housing” is the housing that a low- or moderate-income borrower can afford based on their repayment ability. In addition, the property must not be designed for income producing activities.
All Agencies	Modular or Panelized Home	Housing, constructed of one or more factory-built sections or panels which, when completed, meets or exceed the requirements of the recognized development standards (model building codes) for site-built housing, and which is designed to be permanently connected to a site-built foundation. Although quality can vary, all of the materials – from framing, roofing and plumbing to cabinetry, interior finish and electrical – are identical to what is found in comparable quality conventional “stick-built” housing.
All Agencies	Mortgaged Premises	The land and improvements thereon subject to the lien of a mortgage.
Conventional	Multi-Dwelling Units	Properties that provide separate housing units for more than one family, although they secure only a single mortgage; e.g., two to four units.
Conventional	Multi-Width Manufactured Home	A manufactured home that is created by joining two or more single-width sections that are built and towed separately to the site and joined together to create one living unit. Typical models are 24 feet wide and 60 feet long, offering about 1,400 square feet of living area.
Conventional	Municipal Utility Districts	See special assessment districts.
All Agencies	New Dwelling	A dwelling that is to be constructed, or is under construction, or an already existing dwelling that is less than one year old and has never been occupied.
FHA	Non-Standard House Style	Refers to unique Properties in the market area, including log houses, earth sheltered housing, dome houses, houses with lower than normal ceiling heights, and other houses that in the Appraiser’s professional opinion, are unique.
VA	Notice of Value	This is the VA appraisal, which spells out the independent expert’s assessment of the property’s value. Ultimately, it’s up to a lender’s staff appraisal reviewer to issue the final notice of value.

Agency	Term	Definition
FHA	Onsite Hazards & Nuisances	Refers to conditions that may endanger the health and safety of the occupants or the structural integrity or marketability of the Property.
FHA	Overhead Electric Power Transmission Lines	Refers to electric lines that supply power from power generation stations to Local Distribution Lines.
FHA	Partially Below-Grade Habitable Space	Refers to living area constructed partially below grade, but has the full utility of gross living area.
All Agencies	Personal Property	Refers to tangible property, other than Real Property, such as cars, recreational vehicles, stamps, coins or other collectibles.
All Agencies	Physical Depreciation (deterioration)	A loss in value that is caused by deterioration in the physical condition of a property's improvements.
All Agencies	Planned Unit Development (PUD)	Refers to a residential development that contains, within the overall boundary of the subdivision, common areas and facilities owned by a Homeowners' Association (HOA), to which all homeowners must belong and to which they must pay lien-supported assessments. A unit in a PUD consists of the fee title to the real estate represented by the land and the improvements thereon plus the benefits arising from ownership of an interest in the HOA.
All Agencies	Plat or Plot	A map showing subdivisions of a certain area of land giving proportions of each lot as well as other features such as roads, easements, etc.

Agency	Term	Definition
FHA	Pre-Approval	<p>Refers to Properties that are less than one year old and meet one of the following requirements:</p> <ul style="list-style-type: none"> • the Property was appraised and the Mortgagee issued form HUD-92800.5B, Conditional Commitment Direct Endorsement Statement of Appraised Value , before construction started; or • a building permit or its equivalent has been issued by a local jurisdiction (not applicable to Manufactured Housing); or • the Mortgagee issued an Early Start Letter. Early Start Letter refers to the document issued by the Mortgagee in response to a builder's request to start construction before the appraisal is completed. The Early Start Letter indicates the Mortgagee's approval of the Property before issuance of form HUD 92800.5B and without affecting the maximum mortgage amount. The Mortgagee can issue the Early Start Letter if local jurisdiction has issued a building permit and a case number has been assigned.
All Agencies	Principal (primary) Residence	The home domicile physically occupied by the owner for the major portion of the year and the address of record for such activities as Federal income tax reporting, voter registration, occupational licensing, etc.
All Agencies	Property	The land, dwelling, and related facilities the Agency will use as collateral.
Fannie Mae	Appraisal Waiver	An optional offer to waive the appraisal requirement for certain loan casefiles underwritten in DU. Formerly known as a property inspection waiver.
USDA	Property Recovery Firm	A firm that may act as an agent to identify damages claimable under an insurance policy, file the claim & pursue its settlement.
FHA	Proposed Construction	Refers to a Property where no concrete or permanent material has been placed. Digging of footing is not considered permanent.
All Agencies	Proration of Taxes	Proportionate and equal division of taxes relative to time and use.

Agency	Term	Definition
All Agencies	Real Estate	Physical land and appurtenances attached to the land, e.g. structures. An identified parcel or tract of land, including improvements. See also "real property."
All Agencies	Real Estate Owned (REO)	Other real estate owned by the borrower (such as an investment property).
All Agencies	Real Estate Taxes	Taxes and the annual portion of assessments estimated to be due and payable on the property, reduced by any available tax exemption.
All Agencies	Real Property	Refers to the interests, benefits, and rights inherent in the ownership of physical real estate.
USDA	Redlining	The practice by lending institutions of restricting or denying mortgage loans for certain areas.
USDA	REO Cost Factor	A percentage which, when applied to a property appraised value, is intended to result in an estimate of the total cost of gaining possession, managing and disposing of an acquired property. It is published in the Federal Register by VA and it represents the 3-year average VA operating expenses incurred for acquired properties, including property taxes, assessments, liens, property maintenance, property improvement, administration and resale. For the purposes of this estimate, property improvement is defined as any repair that must be completed to satisfy minimum property requirements for existing construction. Selling expenses include sale commissions plus any other costs incurred in connection with the sale of the property. See Chapter 20 of 7 CFR3555 .
All Agencies	Right of First Refusal	A provision in an agreement that requires the owner of a property to give another party the first opportunity to purchase or lease the property before he or she offers it for sale or lease to others.
All Agencies	Right of Ingress or Egress	The right to enter upon or leave from designated premises.

Agency	Term	Definition
USDA	Rural Area	<p>A rural area is any one of the following:</p> <p>(1) Open country that is not part of or associated with an urban area.</p> <p>(2) Any town, village, city, or place, including the immediately adjacent densely settled area, which is not part of or associated with an urban area and which:</p> <p>(i) Has a population under 10,000 if it is rural in character; or</p> <p>(ii) Has a population above 10,000, but below 20,000, is not contained within of a MSA and has a serious lack of mortgage credit for low- and moderate-income households as determined by the Secretary of Agriculture and the Secretary of HUD.</p> <p>(3) An area classified as a rural area prior to October 1, 1990 (even if within a MSA), with a population exceeding 10,000, but not in excess of 25,000, which is rural in character, and has a serious lack of mortgage credit for low- and moderate-income families. This is effective through receipt of the census data for the year 2010.</p>
All Agencies	Sales Comparison Approach to Value (or market data approach)	A method of measuring the value of a property based on an analysis of comparable sales, contract offerings, and listings of properties that are the most comparable to the property that is being appraised.
All Agencies	Sales Contract	<p>A contract for the purchase/sale, exchange, or other conveyance of real estate between parties. The contract must be in writing, contain the full names of the buyer(s) and seller(s), identify the property address or legal description, identify the sales price, and include signatures by the parties. Sales contracts are also known as agreements of sale, purchase agreements, or contracts for sale.</p>
VA	SAR	<p>VA Approved Staff Appraisal Reviewer(lender) The SAR must:</p> <ul style="list-style-type: none"> • be a full-time salaried employee of the lender, and • have at least 3 years of work experience which qualifies him or her to competently perform administrative appraisals reviews in conjunction with underwriting loans for VA loan guaranty purposes. <p>See WARMs Chapter 15 for additional information and requirements</p>
USDA	Security Property	The property that serves as collateral for a loan.
FHA	Slush Pit	Refers to a basin in which drilling “mud” is mixed and circulated during drilling to lubricate and cool the drill bit and to flush away rock cuttings.

Agency	Term	Definition
FHA	Soil Contamination	Refers to the presence of manmade chemicals or other alterations to the natural soil environment.
FHA	Special Energy System	Refers to any addition, alteration, or improvement to an existing or new Structure that is designed to utilize wind, geothermal or solar energy to produce energy to support the habitability of the Structure.
All Agencies	Special Flood Hazard Area (SFHA)	The land in the flood plain within a community having at least a 1% chance of flooding in any given year, as designated by FEMA.
Conventional	Standard and Poor's Ratings Services	A credit rating agency that, among other things, assigns credit ratings to debt issuers and the debt instruments themselves, as well as to title insurance companies and custodial depositories, by evaluating their assets and liabilities.
All Agencies	Subdivision	A housing development that is created by dividing a tract of land into individual lots for sale or lease.
FHA	Surplus Land	Refers to land that is not currently needed to support the existing improvement but cannot be separated from the Property and sold off. Surplus Land does not have an independent highest and best use and may or may not contribute to the value of the improved parcels.
All Agencies	Survey	Measurement of a specific parcel of land to ascertain area, corners, boundaries, and divisions with distances and directions of such parcel.
All Agencies	Sweat Equity	Equity created through the performance of service or labor on a property by its intended owner.
FHA	Ten Year Warranty	Ten-year warranty refers to an agreement between the Borrower and a plan issuer which contains warranties regarding the construction and structural integrity of the Borrower's dwelling securing the FHA-insured Mortgage. The plan must be a HUD-accepted insured ten-year protection plan.
All Agencies	Timeshare Project	A real estate development in which a purchaser can buy the exclusive right to occupy a unit for a specified period of time each year.

Agency	Term	Definition
Conventional	Transfer of Ownership	Any means by which the ownership of property changes hands. Fannie Mae considers the transfer of all or any part of the property or any interest in the property to be a transfer of ownership, including: the purchase of a property "subject to" the mortgage, the assumption of the mortgage debt by the property purchaser, and any exchange of possession of the property under a land sales contract, grant deed, or any other land trust device. In cases in which an inter vivos revocable trust is the borrower, Fannie Mae also considers any transfer of a beneficial interest in the trust to be a transfer of ownership.
All Agencies	Tribal Allotted Land	Tribal land allotted to individual tribal members which is held in trust.
All Agencies	Trust Land	Land held in trust by the United States on behalf of an Indian tribe.
Conventional	Two- to Four-Unit Property	A property that consists of a structure that provides living space (dwelling units) for two to four families, although ownership of the structure is evidenced by a single deed.
FHA	Under Construction	Refers to the period from the first placement of permanent material to 100 percent completion with no Certificate of Occupancy (CO) or equivalent.
USDA	Uniform Residential Appraisal Report (URAR)	The most common appraisal form in use. The URAR is used to document the methods used to determine the market value of single-family residences and planned unit developments.
USDA	Uniform Standards of Professional Appraisal Practice (USPAP)	Minimum standards for real estate appraisal that financial institutions must follow. Access the 2016-2017 edition by clicking here .

Agency	Term	Definition
Conventional	USPAP	USPAP stands for Uniform Standards of Professional Appraisal Practice. The Financial Institutions Reform, Recovery and Enforcement Act of 1989 recognizes USPAP as the generally accepted appraisal standards and requires USPAP compliance for appraisers in federally related transactions. State Appraiser Certification and Licensing Boards, federal, state, and local agencies, appraisal services, and appraisal trade associations require compliance with USPAP. The ASB (Appraisal Standards Board) develops, interprets and amends USPAP bi-annually. Access the 2016-2017 version by clicking here .
All Agencies	Valuation	The process of estimating the market value, insurable value, investment value, or some other properly defined value of an identified interest in a specified parcel of real estate as of a given date. Valuation is a term used interchangeably with appraisal.
FHA	Vehicular Access	Refers to an all-weather road surface over which emergency and typical passenger vehicles can pass at all times.
All Agencies	ZIP Code	Zone Improvement Program.
All Agencies	Zoning	Prescription by governmental entity of the purpose to which land or buildings may be put in specific areas, and of the architectural, structural, and/or spatial elements of such land or buildings.