The Language of Real Estate

Seventh Edition

John W. Reilly, DREI

With Marie S. Spodek, DREI, CDEI, CNE® , Contributing Editor
This publication is designed to provide accurate and authoritative information in regard to the subject matter covered. It is sold with the understanding that the publisher is not engaged in rendering legal, accounting, or other professional advice. If legal advice or other expert assistance is required, the services of a competent professional should be sought.

President: Dr. Andrew Temte
Chief Learning Officer: Dr. Tim Smaby
Executive Director, Real Estate Education: Melissa Kleeman-Moy
Development Editor: Adam Bissen

THE LANGUAGE OF REAL ESTATE SEVENTH EDITION
©2013 Kaplan, Inc.
Published by DF Institute, Inc., d/b/a Dearborn Real Estate Education
332 Front St. S., Suite 501
La Crosse, WI 54601

All rights reserved. The text of this publication, or any part thereof, may not be reproduced in any manner whatsoever without written permission from the publisher.

Printed in the United States of America

ISBN: 978-1-4277-1480-0 / 1-4277-1480-0
PPN: 1961-0107
CONTENTS

PREFACE V
ACKNOWLEDGMENTS VI
SUBJECT CLASSIFICATION OF TERMS IX

Terms and Definitions 1

APPENDIX A
Organizations 427

APPENDIX B
Designations 437

APPENDIX C
Abbreviations of Terms 440

APPENDIX D
List of Laws 445

APPENDIX E
English-Spanish Key Terms 453

APPENDIX F
Spanish-English Key Terms 463

APPENDIX G
Construction Diagrams 475
The Language of Real Estate is the result of many years of difficult and thorough work in researching the answers to everyday problems in real estate. Numerous books and articles on real estate taxes, condominiums, appraisal, finance, law, contracts, and the like are good source materials for the real estate broker or salesperson, but their volume requires one to maintain an extensive and expensive real estate library. This book is designed to eliminate that problem. The Language of Real Estate is more than a dictionary; it is a totally functional real estate reference book—a comprehensive, encyclopedic, single-volume, instant-answer book to just about any problem or question concerning real estate principles and practice in the United States.

The real estate industry has undergone considerable change since this book was first published in 1977. This seventh edition creation reflects those changes. Numerous new terms have been added to the book, bringing the total number of entries to nearly 3,000. Definitions that appeared in the first six editions have been revised, and in many cases expanded, to provide the reader the most current and precise answers possible. Accompanying each word is a basic definition, several applications, and cross-references to aid in understanding related items.

The Language of Real Estate also contains several helpful special features:

- A complete subject classification of terms to assist those who are concentrating their studies in specific areas
- A list of real estate organizations, including Web sites and descriptions
- A list of designations and certifications that not only provides the meanings of dozens of designations but also reference granting organizations on the organizations list so the reader can find out more
- A list of federal laws, acts, and regulations, which includes detailed descriptions along with Web references for further research
- Construction diagrams with terms labeled in English and Spanish to help readers visualize difficult ideas in construction

Note: All Spanish in the book is in generic Spanish dialect, for wide applicability.
ACKNOWLEDGMENTS

What started over 30 years ago as a basic 40-page glossary has evolved into the comprehensive real estate reference book you are now reading. The book is designed to quickly resolve the many questions about real estate often posed to me as a real estate attorney, broker, instructor, and lecturer in real estate law and practice. Many people have helped along the way, and to them I extend a warm “Mahalo.”

I want to first thank Marie Spodek, DREI, who thoroughly researched and revised the seventh edition of this book. Marie and I have been active members of The Real Estate Educators Association (REEA) for many years.

Special thanks to Jacqueline L. S. Earle, a Honolulu attorney and REALTOR®, who contributed a considerable amount of time, energy, and talent in the process of putting together the original version of the book.

I also wish to acknowledge the time and effort spent in reviewing the original manuscript by two exceptional real estate attorneys in the State of Hawaii: Thomas A. Bodden and Jeffrey S. Grad. A thank you also goes to Alan N. Tonnon of Bellevue, Washington.

For their special assistance and patience in typing the original manuscript, I thank Yvonne Gates, Karen Hara, Irene Honjo, and Aileen Nishimura.

Special gratitude goes to Peter A. Clarke and Paul Cramer of the San Francisco firm of Clarke and Cramer, Inc., for their expertise in developing the industrial and commercial real estate terms in the first edition.

For their contributions to earlier editions, I thank Annette Abdill, Abdill Real Estate School; James A. Ansalmi, CCIM, Academy Real Estate School; Patricia Banta, Collin County Community College; Doris S. Barrell, CRB, CRS, GRI, JLB Realty, LLC; Stuart Bernstein, Best School of Real Estate; Kenneth A. Bigelow, GRI, IFA, Real Estate Education Company; Roger Bomar, Missouri Real Estate School; Maurice A. Boren, National Institute of Real Estate; Fred Brodsky, Brodsky School of Real Estate; Hugh Burdick, BOAI School of Real Estate; Leona Busby, Long & Foster Institute of Real Estate; Rose Mary Chambers, First School of Real Estate; Judy L. Clarke, Mohave Community College; Richard J. Clemmer, Sr., D&D School of Real Estate; Robert J. Connelle, PhD, Connelle-Morton Real Estate School; Gerald Cortesi, Harper Community College; Nancy K. Currey, Currey Management Institute; Ralph De Martino, GRI, Paducah Community College; Rex R. Denham, Northwestern School of Real Estate; Jeni Durant, Spencer School of Real Estate; Kenneth Edwards, GRI, Community College instructor and author; Linda J. Fields, Professional Institute for Real Estate Training; Thomas D. Fisher, M.Ed., CRB, GRI, Southern Ohio College; Richard Garnitz,
Montgomery College; Joe Giacoma, Jr., Neosho County Kansas Community College; Dolores C. Gick, Montgomery College; Tom Gillett, The Tom Gillette Company, Inc.; Ignacio Gonzalez, Mendocino Community College; Norma Good, Malone College; Linda H. Hamm, The Columbia Academy of Real Estate, Inc.; George R. Harrison, MSA; Vernon Hoven, Vern Hoven Tax Seminars; Kennard P. Howell, MAL, SRA; Steve Hummel, MBA, GRI, Ohio University—Chillicothe; Leon E. Hustad, CRB, CRS, GRI, Las Vegas School of Real Estate; Craig Larabee, Larabee School of Real Estate; Debbie Levitz, Fort Myers Association of REALTORS® Real Estate School; Duane A. Lyman, A. J. Educational Services, Inc.; Bill Martin, Martin School of Real Estate; Anthony J. Martinez, IFAS, National Association of Independent Fee Appraisers; John D. Mayfield, Jr., The Southeast Real Estate Prep School; David N. McAlvey, Hoosier-State Real Estate Education; Bill W. McCoy, III, Dearborn Real Estate Institute; John Medvig, Colorado Real Estate Institute; Tim Meline, Iowa Realty; John Michaels, Oakton Community College; Susan G. Moseley, Moseley Flint Schools of Real Estate; Diantha Muzingo, DREI, Professional Real Estate Education; Patricia S. Norberg, Real Estate Exam Center; D. D. “Del” Nordstrom, PRO/ED; Edward P. Norris, Norris School of Real Estate; Roger Turcotte, CBR, DREI, GRI, Roger Turcotte & Co.; Mike Rieder, GRI, CRS, Gold Coast School of Real Estate II, Inc.; Gerard A. Rivello, G.A.R. School of Real Estate; Dale E. Roach, DREI, Career Training; George R. Safire, Alpha College of Real Estate; Laura L. Selvy, Century 21 Continental Real Estate Academy; Ben Simon, Berks Real Estate Institute; Joshua L. Simon, Attorney-at-Law; Kathryn “Tootie” Smith, Smith Real Estate School; Dawn M. Svenningsen, Dabbs Academy of Real Estate, Inc.; Randall S. van Reken, Southern Nevada School of Real Estate; John P. Wiedemer, University of Houston; and Timothy M. Wyman, The Professional School of Business.

I also express gratitude to John D. Ballou, Moraine Valley Community College; W. Dean Davis, William Rainey Harper Junior College; Barney Fletcher, Barney Fletcher Schools; Andrew M. Gray, NIRE Schools of Real Estate; William R. Gray, Arizona School of Real Estate; Melvyn Lissner, New Jersey Realty Institute; Lucy Schissler, Jones Real Estate Colleges, Inc.; John L. Schlapman, Wauwatosa Realty Company; Joseph E. Spalding, J. E. Spalding Real Estate; and Ridgely P. Ware, Rutgers University, for their contributions to the previous editions. Note: All professional and school designations are current as of the time of the review.

For their contributions to this seventh edition, I thank the following real estate educators:

Dianna W. Brouthers, DREI, College of Real Estate, Inc.
James Hobbs, licensed real estate broker, Lima, Ohio
Marie S. Spodek, DREI, Professional Real Estate Solutions

It is indeed a rare occasion when an author can work with a publisher that is so well-versed in the subject. Dearborn Real Estate Education retains a team of experts in all phases of real estate publication. They made my writing job a relatively simple one. It was a pleasure working with the many members of their team.
Lastly, a very special word of appreciation goes to my wife, Patty, for all her support and encouragement throughout all stages of the book’s production these past 30 years, as well as her role in the production of our three children and four grandsons.

The author and the publisher welcome any comments, criticisms, or suggestions from readers that will help future revisions.

John W. Reilly
Accounting (see also Taxation)
account payable
account receivable
accrual method
accrued
accrued depreciation
acquisition cost
asset
balance sheet
book value
capitalize
cash method
credit
debit
depreciation allowance
disbursement
double entry
income statement
liability
modified accelerated cost recovery system (MARCS)
net worth
profit and loss statement
pro forma statement
quick assets
write-off

Agency (see also Brokerage)
agency
agency coupled with an interest agent
attorney-in-fact
broker

Code of Ethics
commingling
designated agent
dual agency (limited agency)
durable power of attorney
equal dignities rule
ethics
facilitator
fiduciary
full disclosure
general agent
gratuitous agent
implied agency
imputed notice
informed consent
inspection
limited power of attorney
limited referral agent
ministerial acts
ostensible agency
partially disclosed principal
power of attorney
principal
ratification
real estate agent
respondent superior
scope of authority
special agent
subagent
transaction broker
trustee
undisclosed agency

Appraisal
abnormal sale
abstraction
acceleration principle
accessibility
acquisition appraisal
actual age
adjustments
aesthetic value
age-life depreciation
amenities
appointments
appraisal
Appraisal Foundation, The
appraisal report
appraiser
appraiser independence requirements
appreciation
assemblage
assessed valuation
axial growth
band of investment (BOI)
before-and-after method
building residual technique
built-up method
capitalization
capitalization (CAP) rate
cash equivalency
certified appraiser
change
comparables
comparative unit method
concession
SUBJECT CLASSIFICATION OF TERMS

conformity
contract rent
contribution
corner influence
cost approach
curable depreciation
curb appeal
deferred maintenance
demand
demography
depreciation (appraisal)
depth tables
directional growth
direct sales comparison approach
discounting
economic-base analysis
economic life
economic obsolescence
economic rent
effective age
effective gross income
engineering breakdown method
external obsolescence
fee appraiser
filtering down process
Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA)
forecast
functional obsolescence
going-concern value
goodwill
government forces
gross income multiplier (GIM)
gross rent multiplier (GRM)
highest and best use
homogeneous
income approach
incurable obsolescence
indicated value
infiltration
intrinsic value
Inwood tables
land capacity
land economics
land residual technique
legally permissible
letter report
market conditions
market value
misplaced improvement
modification
multiple regression
narrative report
net operating income (NOI)
onhomogenic
observed condition
obsolescence
occupancy rate
operating expense ratio
overimprovement
paired sales analysis
physical deterioration
physical life
plotage value
present value of one dollar
price
principles of appraisal
property residual technique
quantity survey
recapture rate
reconciliation
regression
reproduction cost
residual process
reversionary factor
reversionary value
review appraiser
scarcity
seller’s market
situs
special-purpose property
split-rate
square-foot method
state-certified appraiser
subjective value
substitution
summation approach
superadequacy
supply and demand
thin market
Title XI
unbalanced improvement
underimprovement
unearned increment
uniformity
Uniform Residential Appraisal Report (URAR)
Uniform Standards of Professional Appraisal Practice (USPAP)
unit-in-place method
unit value
use value
utility value
value
value added
yield capitalization

Banking
accommodation party
cashier’s check
certified check
clearing account
demand note
discountrate
endorsement
holder in due course
letter of credit
line of credit
maker
negotiable instrument
notice of dishonor
payee
postdated check
setoff
underwriting
without recourse

Brokerage (see also Agency, Listing)
advance fee
advertising
asking price
auction
bird dog
blind ad
blue book
boiler room
Board of REALTORS®
branch office
broker
brokerage
broker-dealer
broker-in-charge
broker price opinion (BPO)
business opportunity
buyer’s broker
buyer’s market
caravan
client trust account
cold call
cold canvass
commission
consultant
cooperating broker
counseling
courtesy to brokers
customer
defered commission
DINK (dual income, no kids)
discount broker
draw
employee
empty nester
exposure
false advertising
farm area
fees for service
floor duty
for sale by owner
franchise
generation X
guaranteed sale program (GSP)
independent contractor
industrial broker
in-house sale
limited service broker
lockbox
lottery
middleman
National Do Not Call Registry
one hundred percent commission
open house
participating broker
personal assistant
principal broker (PB)
prospect
puffing
qualified buyer
range of value
ready, willing, and able
rebate
referral
referral agency
relocation company
residual
sales associate
sales kit
salesperson(s)
selling broker
shopping
signs
site office
splitting fees
staging
Standards of Practice
submittal notice
trade-in
trade usage
trust fund account
turnover
unethical
workers’ compensation law
yuppie
balcony
baluster
band or box sill
baseboard
basement
base shoe
base top molding
batten
bay
bay window
beam
bearing wall
bedrock
berm
blacktop
board foot
bracing
bridging
British thermal unit (Btu)
building height
building paper
bus duct
cantilever
casing
catwalk
caulking
chimney
chimney cap
chimney flashing
chimney pot
cinder fill
clapboard
cleanout door
clear span
collar beam
combed (striated) plywood
conduit
cornice
corridor
curtailage
damper
dampproofing
demising wall
doorstop
double-corner stud
double-load corridor

Building Terms (see also Construction, Development, Subdivision)
absorber
abutment
accessory building
anchor bolt
apartment building
arcade
asbestos
ash dump
attic
backfill

Language_of_RE_7E.indb 11
5/2/2013 8:50:38 AM
double plate  oriented strandboard (OSB)
double-window header  overhang
downspout  parapet
drain tile  pilaster
duct  plate
eave  radon
eave trough  rafter
exterior insulating and finishing  retaining wall
system (EIFS)  ridgeboard
facade  roof boards
felt joint cover  roofing felt
finish flooring  roofing shingles
flashing  shake shingle
floor joists  shear wall
floor load  shoe molding
flue  siding
foot-candle  sill
footing  stringer
Formica®  subflooring
foundation wall  tongue and groove
freestanding building  tread
frieze board  trim
girder  truss
head casing  under-floor ducts
hearth  veneer
HVAC  vent
indirect lighting  wainscoting
insulation  wallboard
insulation disclosure  wall sheathing
jalousie  wall stud
jamb  waste line
joist  window jamb trim
lath  window sash
leeward  x-bracing
lintel
louver
low-E glass
luminous ceiling
mantel
master switch
miter
mudsill
mullion
muntin
nosing
open wall systems

**Closing**
abstracter
adjustments
apportionment
arrears
back-to-back escrow
closing (settlement)
closing agent
closing costs
closing statement

collection account
credit
double entry
double escrow
dry closing
escrow
escrow instructions
good-faith estimate (GFE)
good funds
holding escrow
HUD-1 form
impound account
outside of closing
perfect escrow
preclosing
prepaid expenses
prepaid items
proceeds-of-loan escrow
prorate
Real Estate Settlement Procedures
Act (RESPA)
relation-back doctrine
settlement
Uniform Settlement Statement
walk-through

**Commercial Investment Property**
absorption rate
air park
break-even point
build-to-suit
bulk sales transfer
cash flow
cash-flow statement
commercial property
continuous operation clause
convenience store
covenant not to compete
discount department store
discounted cash flow
downside risk
downstroke
flea market
gross area
gross income
income property
institutional property
internal rate of return
land poor
leverage
maintenance
merchants’ association
negative cash flow
neighborhood shopping center
net after taxes
net income
net yield
nut
office building
overall rate
pyramiding
rate of return
regional shopping center
resort property
reverse leverage
second-generation leasing
shopping center
vacancy factor
yield

Construction (see also Building Terms)
absorption bed
adaptability
addition
A-frame construction
architectural drawings
architecture
artesian well
as-built drawings
bid
blueprint
brownstone
building line
building permit
building standards
bungalow
carport
certificate of completion (CC)
cesspool
chalet
change order
cistern
closed-wall construction
compaction
concrete basement floor
contractor
cost-plus contract
crawlspace
cushion
deck
disposal field
dormer
drainage
dry rot
drywall construction
duplex
dwelling
efficiency unit or apartment
effluence
escarpment
factory-built construction
fastrack construction
fire sprinkler system
fire stop
fire wall
fire yard
flat
floor area ratio
floor plan
frost line
gable
gambrel roof
garden apartment
gazebo
general contractor
granny flats
habitable room
height, building
highrise
International Code Council (ICC)
kiln
kitchenette
knockdown
lanai
leaching cesspool
live load
load
lobby
loft
lowrise
mall
mansard roof
manufactured housing
marina
mezzanine
midrise
module
mold
motel

Condominium
air space
appurtenant
association of unit owners
bylaws
common areas
common elements
common expenses
common interest
common profits
common wall
condo
condominium map
condominium owners’ association
condominium ownership
conversion
cooperative ownership
declaration
highrise

homeowners’ association (HOA)
horizontal property acts
house rules
limited common elements
maintenance fee
master deed
mixed use
proprietary lease
proxy
quadrominium
unit

Language_of_RE_7E.indb   13
5/2/2013   8:50:39 AM
mudroom  subcontractor  constructive fraud
multiple dwelling  sump  consummate
on-frame modular  take off  contingency
on-site improvement  termite shield  contract
panelized construction  topping off  contract for deed
parquet floor  town house  contract of sale
particleboard  tract house  cooling-off period
pavilion  triplex  counteroffer
corridor  pavilion  counterpart
cash wrap  rooming house  covenants and conditions
cash wrap  rooming house  damages
cash wrap  rooming house  date
chimney  row house  default
clove  pier  deposit
concrete  pier  disaffirm
core  precuts  discharge of contract
crew  precuts  disclaimer
crew  precuts  disclosure
crew  precuts  disclosure statement
crew  precuts  down payment
crew  precuts  dual contract
crew  precuts  dummy
crew  precuts  duress
crew  precuts  early occupancy
crew  precuts  earnest money
crew  precuts  election of remedies
crew  precuts  electronic signature
crew  precuts  equitable conversion
crew  precuts  escape clause
crew  precuts  executed contract
crew  precuts  executory contract
crew  precuts  exhibit
crew  precuts  extension
crew  precuts  first papers
crew  precuts  forbearance
crew  precuts  force majeure
crew  precuts  forfeiture
crew  precuts  forum shopping clause
crew  precuts  fraud
crew  precuts  good consideration
crew  precuts  grace period
crew  precuts  hold-harmless clause
crew  precuts  home inspection
crew  precuts  illiterate
crew  precuts  implied contract
crew  precuts  incorporation by reference
crew  precuts  incorporation by reference

Contracts
acceptance
accord and satisfaction
actual damages
addendum
additional deposit
adhesion contract
agreement of sale
aleatory contract
antenuptial agreement
anticipatory breach
arm’s-length transaction
“as is”
assignment
backup offer
benefit-of-bargain rule
bilateral contract
boilerplate
breach of contract
buy-back agreement
capacity of parties
competent party
conditional sales contract
consequential damages
consideration

constructive fraud  consummate  contingency  contract  contract for deed  contract of sale  cooling-off period  counteroffer  counterpart  covenants and conditions  damages  date  default  deposit  disaffirm  discharge of contract  disclaimer  disclosure  disclosure statement  down payment  dual contract  dummy  duress  early occupancy  earnest money  election of remedies  electronic signature  equitable conversion  escape clause  executed contract  executory contract  exhibit  extension  first papers  forbearance  force majeure  forfeiture  forum shopping clause  fraud  good consideration  grace period  hold-harmless clause  home inspection  illiterate  implied contract  incorporation by reference
innocent misrepresentation
instrument
ironclad agreement
latent defects
liquidated damages
love and affection
mark
measure of damages
meeting of the minds
menace
minor
misrepresentation
mistake
modification
mutual agreement
mutuality of consent
natural affection
netting out
nominee
nondisclosure
notice
occupancy agreement
offer
offer and acceptance
offeror
on or before
option
oral contract
party to be charged
plain language law
privity
proposition
qualified acceptance
receipt
reformation
release
rescind
rescission
reservation money
risk of loss
roof inspection clause
sale by the acre
short-form document
signature
special conditions
specific performance

statute of frauds
straw man
“subject to” clause
tender
termite inspection
third party
“time is of the essence”
trading on the equity
unconscionability
undue influence
unenforceable contract
Uniform Vendor and Purchaser
Risk Act
unilateral contract
unjust enrichment
unreasonably withheld consent
upgrades
upset date
valuable consideration
void
voidable
waiver
warranty
witness
X

Conveyance
alienation
assignment of lease
conveyance
counterpart
description
documentary tax stamps
document
exception
execute
federal revenue stamp
government patent
grant
initials
livery of seisin
locus sigilli
master form instrument
mesne conveyance
misnomer

mortmain
patent
revenue stamp
right, title, and interest
rule against perpetuities
sealed and delivered
subscribe
successors and assigns
testimonium clause
transfer tax (conveyance fee)
undersigned
Uniform Land Transactions Act
(ULTA)

Corporation
annual meeting
annual report
articles of incorporation
association
board of directors
buy-sell agreement
close corporation
collapsible corporation
corporate resolution
corporation
DBA
double taxation
eleemosynary corporation
fictitious company name
fiscal year
foreign corporation
holding company
incorporate
name, reservation of
nonprofit corporations
personal property
S corporation
seal
Section 1244 corporation
spin-off
thin capitalization
ultra vires
unincorporated association
Death
admeasurement of dower
administrator
augmented estate
codicil
collateral heirs
curtesy
decedent
descent
device
dower
elective share
escheat
executor
heir
heirs and assigns
holographic will
inheritance tax
intestate
jointure
legatee
lineal
nuncupative will
personal representative
per stirpes
probate
testator
widow’s quarantine
will
worther title doctrine

Deed
bargain and sale deed
cession deed
correction deed
covenant
covenants running with the land
deed
deed in trust
deed poll
deed restrictions
delivery
estoppel by deed
gift deed
grant deed
grantee
grantor
habendum clause
indenture deed
legacy
limited warranty deed
nominal consideration
premises
quitclaim deed
reiddendum clause
reservation
restrictive covenant
sheriff’s deed
special warranty deed
support deed
tax certificate
tax deed
unrecorded deed
warranty deed
wild deed

Development (see also Construction, Subdivision)
affordable housing
air park
bedroom community
business park
bed-and-breakfast
carrying charges
cluster development
commercial acre
common area maintenance (CAM)
community shopping center
complition bond
compliance inspection
contract documents
corridor development
culvert
curb line
cut and fill
developer
development impact fee
development loan
development rights
elevation sheet
entrepreneur
environmental impact statement
(EIS)
feasibility study
front-ending
front money
ground area
guest-car ratio
Homeowners’ Warranty Program
(HOW)
housing for the elderly
housing starts
hundred percent location
impact fees
increment
indirect costs
joint venture
landlease communities
letter of intent
master lease
mobile-home park
model home
modular construction
NHP Foundation (NHPF)
net usable acre
off-site costs
off-street parking
open space
outparcel
pad
pedestrian traffic count
percolation test
plans and specifications
plaza
preliminary costs
presale
project
redevelopment agency
rendering
residence property
Rule of Five
schematics
sight-line
signage
soft money
speculator
starts
subsidy
subsidy rent
sweetheart contract
track record
transfer of development rights (TDR)
turnkey project
utilities
venture capital

**Discrimination**
accessibility
administrative law judge
affirmative marketing program
acquired immunodeficiency syndrome (AIDS)
Americans with Disabilities Act (ADA)
ancestor
blockbusting
Civil Rights Act of 1866
conciliation agreement
disability
discrimination
Equal Credit Opportunity Act (ECOA)
ethnic group
familial status
federal fair housing law
ghetto
handicap
minority
open housing
panic peddling
protected class
redlining
steering

**Easement**
adverse use
ancient lights doctrine
avigation easement
building-related illness (BRI)
declaration of restrictions
dominant estate (tenement)
easement
easement by necessity
easement by prescription
easement in gross
eave drip
electromagnetic fields (EMFs)
equitable servitude
implied easement
landlocked
line-of-sight easement
meth labs
National Environmental Protection Act (NEPA)
negative easement
party driveway
party wall
reciprocal easements
right-of-way (R/W)
run with the land
scenic easement
servient estate
solar easement
subsurface easement
visual rights

**Environmental**
abatement
asbestos
asbestos-containing materials
brownfields
Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA)
de minimus settlement
Endangered Species Act
environmental audit
Environmental Protection Agency (EPA)
environmental regulations
environmental risk
formaldehyde
hazardous substance
hazardous waste
indoor air quality
lead poisoning
mitigation
Phase I audit
radon
remediation
sick building syndrome (SBS)
Superfund
underground storage tanks (USTs)
wetlands

**Estate (see also Title)**
adjunction
autre vie
conventional estate
curtesy
dower
estate
estate at will
estate of inheritance
executor interest
fee simple
fee simple defeasible
fee tail
freehold
freeholder
future interest
hereditament
homestead
inchoate
incorporal rights
land, tenements, and hereditaments
less-than-freehold estate
life estate
life tenant
merger
message
possibility of reverter
profit a prendre
pur autre vie
qualified fee
quantum
quarter-section
reentry
remainder estate
remainderman
reversion
right of reentry
right-to-use
seisin
servitude
tenement
tenure
usufructuary right
vested interest

**Federal Government**
Agricultural Foreign Investment Disclosure Act (AFIDA)
Bank Insurance Fund (BIF)
Bureau of Land Management (BLM)
Clayton Antitrust Act
Department of Housing and Urban Development (HUD)
Drug Enforcement Act
Environmental Protection Agency (EPA)
Farm Credit System
Federal Home Loan Banks (FHLB)
Federal Housing Administration (FHA)
Federal Reserve System (the “Fed”)
Federal Savings and Loan Insurance Corporation (FSLIC)
Federal Trade Commission (FTC)
Foreign Investment in Real Property Tax Act (FIRPTA)
Freddie Mac
General Services Administration (GSA)
Home Mortgage Disclosure Act
Lead-Based Paint Hazard Reduction Act (LBPRHA)
National Environmental Protection Act (NEPA)
Office of Equal Employment Opportunity Commission (EEOC)
Office of the Comptroller of the Currency (OCC)
Resolution Trust Corporation (RTC)
Section 8 Program
Section 203(b)
Small Business Administration (SBA)
soil bank
standard metropolitan statistical area (SMSA)

**Financing**
A, B, C, D paper
ADC loan
add-back
adjustable-rate loan
advance
affordability index
allotment
amortization
amortization schedule
annual debt service
annual percentage rate (APR)
annuity
arranger of credit
assumption of mortgage
balloon payment
Bank Insurance Fund (BIF)
basis point
basket provision
belly-up
bond
bonus clause
bridge loan
building and loan association
bullet loan
buydown
CAP rate
carryback financing
carve out
certificate of claim
certificate of eligibility
certificate of reasonable value
collateral
collection report
commercial bank

**Commitment**
Community Reinvestment Act
compensating balance
computerized loan origination (CLO)
construction loan
contract for deed
conventional loan
co-obligor
creative financing
creditor
credit rating
credit report
credit scoring
credit union
curtail schedule
customer trust fund (CTF)
debenture
debt coverage ratio
debt financing
debtor
debt service
debt-to-equity ratio
direct endorsement
discount
discount points
discount rate
disintermediation
deference yield
directors elasticity
Ellwood techniqueend loan
equity buildup
equity participation
equity sharing loan
face value
Fair Credit Reporting Act (FCRA)
Fannie Mae
Farmers Home Administration (FmHA)
Federal Deposit Insurance Corporation (FDIC)
Federal Home Loan Banks (FHLB)
Federal Housing Administration (FHA)
<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>federal land bank (FLB)</td>
<td></td>
</tr>
<tr>
<td>Federal Reserve System (the “Fed”)</td>
<td></td>
</tr>
<tr>
<td>federal savings and loan association</td>
<td></td>
</tr>
<tr>
<td>federal underwriters</td>
<td></td>
</tr>
<tr>
<td>FICO scores</td>
<td></td>
</tr>
<tr>
<td>finance charge</td>
<td></td>
</tr>
<tr>
<td>finance fee</td>
<td></td>
</tr>
<tr>
<td>financial institution</td>
<td></td>
</tr>
<tr>
<td>financial statement</td>
<td></td>
</tr>
<tr>
<td>financing</td>
<td></td>
</tr>
<tr>
<td>financing gap</td>
<td></td>
</tr>
<tr>
<td>firm commitment</td>
<td></td>
</tr>
<tr>
<td>five-year forecast</td>
<td></td>
</tr>
<tr>
<td>fixed-rate loan</td>
<td></td>
</tr>
<tr>
<td>float</td>
<td></td>
</tr>
<tr>
<td>floor loan</td>
<td></td>
</tr>
<tr>
<td>Freddie Mac</td>
<td></td>
</tr>
<tr>
<td>gap financing</td>
<td></td>
</tr>
<tr>
<td>gap group</td>
<td></td>
</tr>
<tr>
<td>Ginnie Mae</td>
<td></td>
</tr>
<tr>
<td>guaranteed mortgage certificate</td>
<td></td>
</tr>
<tr>
<td>hangout</td>
<td></td>
</tr>
<tr>
<td>holdback</td>
<td></td>
</tr>
<tr>
<td>home loan</td>
<td></td>
</tr>
<tr>
<td>identity theft</td>
<td></td>
</tr>
<tr>
<td>illiquidity</td>
<td></td>
</tr>
<tr>
<td>index rate</td>
<td></td>
</tr>
<tr>
<td>in-service loan</td>
<td></td>
</tr>
<tr>
<td>institutional lender</td>
<td></td>
</tr>
<tr>
<td>interest-only mortgage loans</td>
<td></td>
</tr>
<tr>
<td>interest rate cap</td>
<td></td>
</tr>
<tr>
<td>interim financing</td>
<td></td>
</tr>
<tr>
<td>investment interest</td>
<td></td>
</tr>
<tr>
<td>jumbo loan</td>
<td></td>
</tr>
<tr>
<td>kickers</td>
<td></td>
</tr>
<tr>
<td>land contract</td>
<td></td>
</tr>
<tr>
<td>land leaseback</td>
<td></td>
</tr>
<tr>
<td>late charge</td>
<td></td>
</tr>
<tr>
<td>lead lender</td>
<td></td>
</tr>
<tr>
<td>liquidity</td>
<td></td>
</tr>
<tr>
<td>loan balance table</td>
<td></td>
</tr>
<tr>
<td>loan commitment</td>
<td></td>
</tr>
<tr>
<td>loan correspondent</td>
<td></td>
</tr>
<tr>
<td>loan pool</td>
<td></td>
</tr>
<tr>
<td>loan pooler</td>
<td></td>
</tr>
<tr>
<td>loan submission</td>
<td></td>
</tr>
<tr>
<td>loan-to-value (LTV) ratio</td>
<td></td>
</tr>
<tr>
<td>lump-sum payment</td>
<td></td>
</tr>
<tr>
<td>Maggie Mae</td>
<td></td>
</tr>
<tr>
<td>margin</td>
<td></td>
</tr>
<tr>
<td>minimum property requirements</td>
<td></td>
</tr>
<tr>
<td>money market fund</td>
<td></td>
</tr>
<tr>
<td>mortgage subsidies</td>
<td></td>
</tr>
<tr>
<td>mutual savings banks</td>
<td></td>
</tr>
<tr>
<td>negative amortization</td>
<td></td>
</tr>
<tr>
<td>origination fee</td>
<td></td>
</tr>
<tr>
<td>paper</td>
<td></td>
</tr>
<tr>
<td>par</td>
<td></td>
</tr>
<tr>
<td>partially amortized</td>
<td></td>
</tr>
<tr>
<td>participation certificate (PC)</td>
<td></td>
</tr>
<tr>
<td>payor</td>
<td></td>
</tr>
<tr>
<td>pension fund</td>
<td></td>
</tr>
<tr>
<td>permanent financing</td>
<td></td>
</tr>
<tr>
<td>piggyback loan</td>
<td></td>
</tr>
<tr>
<td>pledge</td>
<td></td>
</tr>
<tr>
<td>points</td>
<td></td>
</tr>
<tr>
<td>preapproved loan</td>
<td></td>
</tr>
<tr>
<td>prepayment</td>
<td></td>
</tr>
<tr>
<td>prequalified loan</td>
<td></td>
</tr>
<tr>
<td>predatory lending</td>
<td></td>
</tr>
<tr>
<td>qualification</td>
<td></td>
</tr>
<tr>
<td>recasting</td>
<td></td>
</tr>
<tr>
<td>refinance</td>
<td></td>
</tr>
<tr>
<td>Regulation B</td>
<td></td>
</tr>
<tr>
<td>rescission clause</td>
<td></td>
</tr>
<tr>
<td>Rule of 78s</td>
<td></td>
</tr>
<tr>
<td>Savings Association Insurance Fund (SAIF)</td>
<td></td>
</tr>
<tr>
<td>sale-leaseback</td>
<td></td>
</tr>
<tr>
<td>satisfaction</td>
<td></td>
</tr>
<tr>
<td>savings and loan association (S&amp;L)</td>
<td></td>
</tr>
<tr>
<td>savings banks</td>
<td></td>
</tr>
<tr>
<td>seasoned loan</td>
<td></td>
</tr>
<tr>
<td>secondary financing</td>
<td></td>
</tr>
<tr>
<td>secondary mortgage market</td>
<td></td>
</tr>
<tr>
<td>secured party</td>
<td></td>
</tr>
<tr>
<td>seller financing</td>
<td></td>
</tr>
<tr>
<td>servicing</td>
<td></td>
</tr>
<tr>
<td>set-aside letter</td>
<td></td>
</tr>
<tr>
<td>sinking fund</td>
<td></td>
</tr>
<tr>
<td>sleeper note</td>
<td></td>
</tr>
<tr>
<td>split-fee financing</td>
<td></td>
</tr>
<tr>
<td>spot loan</td>
<td></td>
</tr>
<tr>
<td>standby fee</td>
<td></td>
</tr>
<tr>
<td>standby loan</td>
<td></td>
</tr>
<tr>
<td>standing loan</td>
<td></td>
</tr>
<tr>
<td>subagreement of sale</td>
<td></td>
</tr>
<tr>
<td>subordinated sale-leaseback</td>
<td></td>
</tr>
<tr>
<td>sweat equity</td>
<td></td>
</tr>
<tr>
<td>swing loan</td>
<td></td>
</tr>
<tr>
<td>take down</td>
<td></td>
</tr>
<tr>
<td>takeout financing</td>
<td></td>
</tr>
<tr>
<td>tandem plan</td>
<td></td>
</tr>
<tr>
<td>tease rate mortgage</td>
<td></td>
</tr>
<tr>
<td>tight money market</td>
<td></td>
</tr>
<tr>
<td>time-price differential</td>
<td></td>
</tr>
<tr>
<td>time value of money</td>
<td></td>
</tr>
<tr>
<td>Truth in Lending Act</td>
<td></td>
</tr>
<tr>
<td>underlying financing</td>
<td></td>
</tr>
<tr>
<td>underwater loan</td>
<td></td>
</tr>
<tr>
<td>U.S. League of Savings Associations</td>
<td></td>
</tr>
<tr>
<td>usury</td>
<td></td>
</tr>
<tr>
<td>vendee</td>
<td></td>
</tr>
<tr>
<td>vendor</td>
<td></td>
</tr>
<tr>
<td>VA loan</td>
<td></td>
</tr>
<tr>
<td>warehousing</td>
<td></td>
</tr>
<tr>
<td>yield to maturity</td>
<td></td>
</tr>
<tr>
<td>Government</td>
<td></td>
</tr>
<tr>
<td>(see also Zoning)</td>
<td></td>
</tr>
<tr>
<td>ambient air</td>
<td></td>
</tr>
<tr>
<td>appropriation</td>
<td></td>
</tr>
<tr>
<td>benefits</td>
<td></td>
</tr>
<tr>
<td>betterment</td>
<td></td>
</tr>
<tr>
<td>certificate of occupancy</td>
<td></td>
</tr>
<tr>
<td>condemnation</td>
<td></td>
</tr>
<tr>
<td>county</td>
<td></td>
</tr>
<tr>
<td>dedication</td>
<td></td>
</tr>
<tr>
<td>eminent domain</td>
<td></td>
</tr>
<tr>
<td>enterprise zone</td>
<td></td>
</tr>
<tr>
<td>excess condemnation</td>
<td></td>
</tr>
<tr>
<td>expropriation</td>
<td></td>
</tr>
<tr>
<td>Federal Emergency Management Agency (FEMA)</td>
<td></td>
</tr>
<tr>
<td>general improvement district</td>
<td></td>
</tr>
<tr>
<td>savings and loan association (S&amp;L)</td>
<td></td>
</tr>
<tr>
<td>savings banks</td>
<td></td>
</tr>
<tr>
<td>seasoned loan</td>
<td></td>
</tr>
</tbody>
</table>
inverse condemnation
irrigation districts
just compensation
land grant
larger parcel
letter of patent
local improvement district
occupancy permit
Office of Thrift Supervision (OTC)
ordinances
partial taking
police power
seizure
severance damages
slum clearance
special benefit
subsidized housing
taking
wipeout
zone condemnation

**Industrial Property**
bumper
drill track
incubator space
industrial park
loading dock
main line
miniwarehouse
piggyback
point of switch
spur track
truck well
up-ramp

**Insurance**
actual cash value
actuary
all-risks policy
binder
builder’s risk insurance
bureau rate
business interruption insurance
business life insurance
certificate of insurance
coinsurance
commercial leasehold insurance
Comprehensive Loss Underwriting Exchange (CLUE)
errors and omissions (E&O)
face value
fire insurance
flood insurance
Flood Insurance Rate Map (FIRM)
hazard insurance
homeowners’ insurance policy
inflation guard
insurable interest
insurance
key man insurance
loss payee
mortgage insurance
Mutual Mortgage Insurance Fund National Flood Insurance Program (NFIP)
owner’s policy
premium
private mortgage insurance (PMI)
reinsurance
reissue rate
rider
short rate
tsunami damage
underwriter

**Interest (see also Financing, Mortgage)**
add-back
add-on interest
amortization
arbitrage
block interest
cap
compound interest
constant
discount rate
effective interest rate
interest
lawful interest
legal rate of interest
nominal interest rate
prepaid interest
prevailing rate
prime rate
rediscount rate
Regulation Q
Rule of 72
simple interest
variable interest rate

**Land**
access
acre (AC)
acre foot
aeolian soil
agreed boundaries
air rights
alluvion
area
beach
core
boundary
contour map
farmland
filled land
flag lot
floodplain
flood-prone area
foreshore land
fructus naturales
improved land
land
lateral and subjacent support
light and air
littoral land
lot split
marginal land
mineral rights
parcel
public land
quadrangle
range
raw land
real estate
real property
realty
reclamation
shoreline
site
spite fence
subjacent support
tidewater land
topography
tract
unimproved property
wasteland
waterfront property
wetlands
yard

**Land Description**
(Surveying)

angle
azimuth
base line
bearing
benchmark
bounds
call
chain
closure
compass points
connection line
corner stakes
correction lines
degree
description
fractional section
front foot
geodetic survey system
government survey method
grid system
guide meridians
half-section
hectare
high-water mark
land description
landmark
legal description
line stakes
lot, block, and subdivision
maps and plats
meander line
measurement tables
meridian
metes and bounds
mile
monument
more or less
plat map
plot plan
point of beginning (POB)
principal meridian
range line
rod
second
section(s)
spot survey
square
staking
standard parallel
survey
tax map
tier
township
U.S. Geological Survey (USGS)

**Leasing**

AAA tenant
abandonment
additional space option
anchor tenant
attornment
attraction principle
back-to-back lease
base period
base rent
building lease
cancellation clause
chain store
concession
concurrent lease
construction allowance
constructive eviction
cost-of-living index
deemise
dispossess proceedings
distraint
effective rate
estover
eviction
exculpatory clause
expansion option
expense stop
first refusal, right of
fixturing period
flat lease
graduated rental lease
gross lease
ground lease
habitable
holdover tenant
implied warranty of habitability
index lease
key money
key tenant
landlord
lease
leased fee
leasehold
lease option
lease purchase agreement
lessee
lessor
let
life-care facility
loss factor
master lease
military clause
minimum rent
mitigation of damages
month-to-month tenancy
most favored tenant clause
net lease
noncompetition clause
normal wear and tear
notice to quit
offer to lease
offset statement
oil and gas lease
option to renew
### SUBJECT CLASSIFICATION OF TERMS

<table>
<thead>
<tr>
<th>Term</th>
<th>Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>overage</td>
<td>triple-net lease</td>
</tr>
<tr>
<td>overriding royalty</td>
<td>undertenant</td>
</tr>
<tr>
<td>owelty</td>
<td>unfinished office space</td>
</tr>
<tr>
<td>partial eviction</td>
<td>Uniform Residential Landlord and Tenant Act (URLTA)</td>
</tr>
<tr>
<td>percentage lease</td>
<td>unlawful detainer action</td>
</tr>
<tr>
<td>periodic tenancy</td>
<td>usable area</td>
</tr>
<tr>
<td>permissive waste</td>
<td>vacate</td>
</tr>
<tr>
<td>prime tenant</td>
<td>veto clause</td>
</tr>
<tr>
<td>quiet enjoyment</td>
<td>waste</td>
</tr>
<tr>
<td>reappraisal lease</td>
<td>wear and tear</td>
</tr>
<tr>
<td>recapture clause</td>
<td>work letter</td>
</tr>
<tr>
<td>recreational lease</td>
<td>year-to-year tenancy</td>
</tr>
<tr>
<td>relocation clause</td>
<td></td>
</tr>
<tr>
<td>renegotiation of lease</td>
<td></td>
</tr>
<tr>
<td>renewal option</td>
<td></td>
</tr>
<tr>
<td>rent</td>
<td></td>
</tr>
<tr>
<td>rentable area</td>
<td></td>
</tr>
<tr>
<td>rental agent (leasing agent)</td>
<td></td>
</tr>
<tr>
<td>rental agreement</td>
<td></td>
</tr>
<tr>
<td>rent control</td>
<td></td>
</tr>
<tr>
<td>rent escalation</td>
<td></td>
</tr>
<tr>
<td>rent-up</td>
<td></td>
</tr>
<tr>
<td>retaliatory eviction</td>
<td></td>
</tr>
<tr>
<td>right of first refusal</td>
<td></td>
</tr>
<tr>
<td>riparian lease</td>
<td></td>
</tr>
<tr>
<td>royalty</td>
<td></td>
</tr>
<tr>
<td>sale of leased property</td>
<td></td>
</tr>
<tr>
<td>sandwich lease</td>
<td></td>
</tr>
<tr>
<td>satellite tenant</td>
<td></td>
</tr>
<tr>
<td>security deposit</td>
<td></td>
</tr>
<tr>
<td>self-help</td>
<td></td>
</tr>
<tr>
<td>shell lease</td>
<td></td>
</tr>
<tr>
<td>sky lease</td>
<td></td>
</tr>
<tr>
<td>space plan</td>
<td></td>
</tr>
<tr>
<td>step-up lease</td>
<td></td>
</tr>
<tr>
<td>sublease</td>
<td></td>
</tr>
<tr>
<td>summary possession</td>
<td></td>
</tr>
<tr>
<td>surcharge</td>
<td></td>
</tr>
<tr>
<td>surrender</td>
<td></td>
</tr>
<tr>
<td>tax participation clause</td>
<td></td>
</tr>
<tr>
<td>tax stop clause</td>
<td></td>
</tr>
<tr>
<td>tenant</td>
<td></td>
</tr>
<tr>
<td>tenant alternative costs</td>
<td></td>
</tr>
<tr>
<td>tenant contributions</td>
<td></td>
</tr>
<tr>
<td>tenant mix</td>
<td></td>
</tr>
<tr>
<td>tenant union</td>
<td></td>
</tr>
<tr>
<td>cease and desist order</td>
<td></td>
</tr>
<tr>
<td>certified copy</td>
<td></td>
</tr>
<tr>
<td>certify</td>
<td></td>
</tr>
<tr>
<td>certiorari</td>
<td></td>
</tr>
<tr>
<td>change of name</td>
<td></td>
</tr>
<tr>
<td>commissioner</td>
<td></td>
</tr>
<tr>
<td>common law</td>
<td></td>
</tr>
<tr>
<td>compensatory damages</td>
<td></td>
</tr>
<tr>
<td>complainant</td>
<td></td>
</tr>
<tr>
<td>confession of judgment</td>
<td></td>
</tr>
<tr>
<td>confirmation of sale</td>
<td></td>
</tr>
<tr>
<td>conservator</td>
<td></td>
</tr>
<tr>
<td>constructive</td>
<td></td>
</tr>
<tr>
<td>court</td>
<td></td>
</tr>
<tr>
<td>coverture</td>
<td></td>
</tr>
<tr>
<td>cram down</td>
<td></td>
</tr>
<tr>
<td>decree</td>
<td></td>
</tr>
<tr>
<td>de facto</td>
<td></td>
</tr>
<tr>
<td>default judgment</td>
<td></td>
</tr>
<tr>
<td>defendant</td>
<td></td>
</tr>
<tr>
<td>deponent</td>
<td></td>
</tr>
<tr>
<td>deposition</td>
<td></td>
</tr>
<tr>
<td>disclosure statement</td>
<td></td>
</tr>
<tr>
<td>discovery</td>
<td></td>
</tr>
<tr>
<td>domicile</td>
<td></td>
</tr>
<tr>
<td>ejectment</td>
<td></td>
</tr>
<tr>
<td>enabling legislation</td>
<td></td>
</tr>
<tr>
<td>enjoin</td>
<td></td>
</tr>
<tr>
<td>entitlement</td>
<td></td>
</tr>
<tr>
<td>equity</td>
<td></td>
</tr>
<tr>
<td>estoppel</td>
<td></td>
</tr>
<tr>
<td>et al.</td>
<td></td>
</tr>
<tr>
<td>et ux.</td>
<td></td>
</tr>
<tr>
<td>et vir.</td>
<td></td>
</tr>
<tr>
<td>execution</td>
<td></td>
</tr>
<tr>
<td>expert witness</td>
<td></td>
</tr>
<tr>
<td>family</td>
<td></td>
</tr>
<tr>
<td>felony</td>
<td></td>
</tr>
<tr>
<td>force and effect of law</td>
<td></td>
</tr>
<tr>
<td>forum</td>
<td></td>
</tr>
<tr>
<td>garnishment</td>
<td></td>
</tr>
<tr>
<td>group boycott</td>
<td></td>
</tr>
<tr>
<td>guardian</td>
<td></td>
</tr>
<tr>
<td>hearing</td>
<td></td>
</tr>
<tr>
<td>holiday</td>
<td></td>
</tr>
<tr>
<td>incompetent</td>
<td></td>
</tr>
</tbody>
</table>

### Legal Terms (see also Contracts)

- abandonment
- abatement
- absolute
- abstract of judgment
- acknowledgment
- act of God
- actual notice
- adjudicated
- administrative regulations
- affidavit
- affirmation
- aggrieved
- amicus curiae
- antitrust laws
- apostille
- appeal
- arbitration
- attachment
- attestation
- attorney fees
- attractive nuisance
- bankruptcy
- benchmark
- beneficiary
- blue laws
- burden of proof
- business day
- by operation of law
- cause of action
- caveat emptor
<table>
<thead>
<tr>
<th>Subject Classification of Terms</th>
<th>Definitions</th>
</tr>
</thead>
<tbody>
<tr>
<td>indemnification</td>
<td>quantum meruit</td>
</tr>
<tr>
<td>injunction</td>
<td>quash</td>
</tr>
<tr>
<td>interlocutory decree</td>
<td>quasi</td>
</tr>
<tr>
<td>interpleader</td>
<td>quorum</td>
</tr>
<tr>
<td>interstate</td>
<td>reasonable time</td>
</tr>
<tr>
<td>joint and several liability</td>
<td>receiver</td>
</tr>
<tr>
<td>judgment</td>
<td>referee</td>
</tr>
<tr>
<td>judgment-proof</td>
<td>regulation</td>
</tr>
<tr>
<td>judicial precedent</td>
<td>replevin</td>
</tr>
<tr>
<td>jurat</td>
<td>residence</td>
</tr>
<tr>
<td>jurisdiction</td>
<td>restraint of trade</td>
</tr>
<tr>
<td>laches</td>
<td>restraint on alienation</td>
</tr>
<tr>
<td>law</td>
<td>resulting trust</td>
</tr>
<tr>
<td>legal age</td>
<td>revocation</td>
</tr>
<tr>
<td>legal name</td>
<td>right of contribution</td>
</tr>
<tr>
<td>levy</td>
<td>sequestration order</td>
</tr>
<tr>
<td>liability</td>
<td>service of process</td>
</tr>
<tr>
<td>limitations of actions</td>
<td>shall</td>
</tr>
<tr>
<td>lis pendens (Lis/P)</td>
<td>should</td>
</tr>
<tr>
<td>majority</td>
<td>small claims court</td>
</tr>
<tr>
<td>malfeasance</td>
<td>spendthrift trust</td>
</tr>
<tr>
<td>mandamus</td>
<td>statute</td>
</tr>
<tr>
<td>mediation</td>
<td>statute of limitations</td>
</tr>
<tr>
<td>misdemeanor</td>
<td>subpoena</td>
</tr>
<tr>
<td>name, change of</td>
<td>subpoena duces tecum</td>
</tr>
<tr>
<td>natural person</td>
<td>subrogation</td>
</tr>
<tr>
<td>notification</td>
<td>surety</td>
</tr>
<tr>
<td>public</td>
<td>tie-in contract</td>
</tr>
<tr>
<td>nuisance</td>
<td>tort</td>
</tr>
<tr>
<td>null and void</td>
<td>treble damages</td>
</tr>
<tr>
<td>oath</td>
<td>trespass</td>
</tr>
<tr>
<td>operation of law</td>
<td>trustee in bankruptcy</td>
</tr>
<tr>
<td>parol evidence rule</td>
<td>unfair and deceptive practices</td>
</tr>
<tr>
<td>parties</td>
<td>uniform and model acts</td>
</tr>
<tr>
<td>penalty</td>
<td>valid</td>
</tr>
<tr>
<td>person</td>
<td>venue</td>
</tr>
<tr>
<td>petition</td>
<td>verify</td>
</tr>
<tr>
<td>plaintiff</td>
<td>vicarious liability</td>
</tr>
<tr>
<td>practice of law</td>
<td>violation</td>
</tr>
<tr>
<td>preemption</td>
<td>writ of execution</td>
</tr>
<tr>
<td>presumption</td>
<td>Licensing</td>
</tr>
<tr>
<td>prevailing party</td>
<td>administrative regulations</td>
</tr>
<tr>
<td>price-fixing</td>
<td>associate broker</td>
</tr>
<tr>
<td>prima facie evidence</td>
<td>Association of Real Estate License Law Officials (ARELLO)</td>
</tr>
<tr>
<td>pro forma</td>
<td>auctioneer</td>
</tr>
<tr>
<td>promulgate</td>
<td>broker-in-charge</td>
</tr>
<tr>
<td>punitive damages</td>
<td>continuing education</td>
</tr>
<tr>
<td></td>
<td>examination, licensing</td>
</tr>
<tr>
<td></td>
<td>forfeiture</td>
</tr>
<tr>
<td></td>
<td>inactive license</td>
</tr>
<tr>
<td></td>
<td>irrevocable consent</td>
</tr>
<tr>
<td></td>
<td>license</td>
</tr>
<tr>
<td></td>
<td>licensee</td>
</tr>
<tr>
<td></td>
<td>license laws</td>
</tr>
<tr>
<td></td>
<td>moral character</td>
</tr>
<tr>
<td></td>
<td>moral turpitude</td>
</tr>
<tr>
<td></td>
<td>notice of consent</td>
</tr>
<tr>
<td></td>
<td>pocket license card</td>
</tr>
<tr>
<td></td>
<td>real estate commission/department</td>
</tr>
<tr>
<td></td>
<td>reciprocity</td>
</tr>
<tr>
<td></td>
<td>recovery fund</td>
</tr>
<tr>
<td></td>
<td>single licensing</td>
</tr>
<tr>
<td></td>
<td>suspension</td>
</tr>
<tr>
<td></td>
<td>suspension</td>
</tr>
<tr>
<td></td>
<td>vocation</td>
</tr>
<tr>
<td>Lien</td>
<td>abstract of judgment</td>
</tr>
<tr>
<td></td>
<td>agricultural lien</td>
</tr>
<tr>
<td></td>
<td>commencement of work</td>
</tr>
<tr>
<td></td>
<td>encumbrance</td>
</tr>
<tr>
<td></td>
<td>equitable lien</td>
</tr>
<tr>
<td></td>
<td>floating lien</td>
</tr>
<tr>
<td></td>
<td>general lien</td>
</tr>
<tr>
<td></td>
<td>involuntary lien</td>
</tr>
<tr>
<td></td>
<td>judgment lien</td>
</tr>
<tr>
<td></td>
<td>lien</td>
</tr>
<tr>
<td></td>
<td>materialman</td>
</tr>
<tr>
<td></td>
<td>mechanic’s lien</td>
</tr>
<tr>
<td></td>
<td>mortgage lien</td>
</tr>
<tr>
<td></td>
<td>notice of completion</td>
</tr>
<tr>
<td></td>
<td>notice of lien</td>
</tr>
<tr>
<td></td>
<td>notice of nonresponsibility</td>
</tr>
<tr>
<td></td>
<td>special lien</td>
</tr>
<tr>
<td></td>
<td>tax lien</td>
</tr>
<tr>
<td></td>
<td>vendor’s lien</td>
</tr>
</tbody>
</table>
**SUBJECT CLASSIFICATION OF TERMS**

**Listing**
- able
- asking price
- authorization to sell
- cash-out
- contingency listing
- exclusive agency
- exclusive listing
- exclusive right to sell
- extender clause
- implied listing
- listor
- multiple listing
- negotiation
- net listing
- "no deal/no commission" clause
- office exclusive
- open listing
- option listing
- override
- pocket listing
- procuring cause
- termination of listing

**Mortgage/Deed of Trust** *(see also Interest, Lien, Financing)*
- acceleration clause
- additional charge mortgage
- adverse financial change condition
- alienation clause
- all-inclusive deed of trust
- allonge
- alternative mortgage instrument
- anaconda mortgage
- annual mortgagor statement
- assignment of rents
- beneficiary statement
- biweekly payment loan
- blanket mortgage
- blended rate
- budget mortgage
- call provision
- call report
- certificate of no defense
- closed-end mortgage
- closed mortgage
- collateralized mortgage
- cosigner
- credit bid
- cross-defaulting clause
- debt relief
- deed in lieu of foreclosure
- deed of reconveyance
- deed of trust
- deficiency clause
- deficiency judgment
- deflated mortgage
- direct reduction mortgage
- dry mortgage
- due date
- due-on-sale clause
- effective rate
- entitlement
- equity mortgage
- equity of redemption
- escalator clause
- first mortgage
- flexible-payment mortgage
- FLIP
- foreclosure
- full reconveyance
- funding fee
- gift letter
- graduated-payment mortgage
  *(GPM)*
- growing equity mortgage (GEM)
- guaranty
- hard-money mortgage
- hypothecate
- installment note
- intermediate theory
- judicial foreclosure
- junior mortgage
- law day
- leasehold mortgage
- level-payment mortgage
- lien statement
- lien-theory states
- lifting clause
- lock-in clause
- marginal release
- maturity
- mortgage
- mortgage banker
- mortgage broker
- mortgagee
- mortgage lien
- mortgage network
- mortgage spreading agreement
- mortgaging out
- mortgagor
- nondisturbance
- nonjudicial foreclosure
- nonrecourse loan
- note
- notice of default
- novation
- obligation bond
- obligor
- offering sheet
- open-end mortgage
- open mortgage
- "or more" clause
- outstanding balance
- package mortgage
- paragraph 17
- parity clause
- partial reconveyance
- partial-release clause
- participation mortgage
- payoff
- PITI
- placement fee
- pledged account mortgage
- power of sale
- prepayment penalty
- prepayment privilege
- primary mortgage market
- promissory note
- public sale
- purchase-money mortgage *(PMM)*
- real estate mortgage trust *(REMT)*
- recognition clause
- reconveyance
- recourse note
- redemption, equitable right of
<table>
<thead>
<tr>
<th>Subject Classification of Terms</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>redemption period</strong></td>
</tr>
<tr>
<td><strong>reduction certificate</strong></td>
</tr>
<tr>
<td><strong>reinstatement</strong></td>
</tr>
<tr>
<td><strong>release clause</strong></td>
</tr>
<tr>
<td><strong>renegotiable rate mortgage (RRM)</strong></td>
</tr>
<tr>
<td><strong>reserve fund</strong></td>
</tr>
<tr>
<td><strong>reverse annuity mortgage (RAM)</strong></td>
</tr>
<tr>
<td><strong>satisfaction of mortgage</strong></td>
</tr>
<tr>
<td><strong>second mortgage</strong></td>
</tr>
<tr>
<td><strong>shared appreciation</strong></td>
</tr>
<tr>
<td><strong>short sale</strong></td>
</tr>
<tr>
<td><strong>silent second</strong></td>
</tr>
<tr>
<td><strong>Soldiers and Sailors Civil Relief Act (SSCRA)</strong></td>
</tr>
<tr>
<td><strong>straight note</strong></td>
</tr>
<tr>
<td><strong>“subject to” mortgage</strong></td>
</tr>
<tr>
<td><strong>subordination agreement</strong></td>
</tr>
<tr>
<td><strong>subordination clause</strong></td>
</tr>
<tr>
<td><strong>subprime loan</strong></td>
</tr>
<tr>
<td><strong>substitution of collateral</strong></td>
</tr>
<tr>
<td><strong>term mortgage</strong></td>
</tr>
<tr>
<td><strong>title-theory states</strong></td>
</tr>
<tr>
<td><strong>unsecured</strong></td>
</tr>
<tr>
<td><strong>upset price</strong></td>
</tr>
<tr>
<td><strong>upside down</strong></td>
</tr>
<tr>
<td><strong>variable-payment plan</strong></td>
</tr>
<tr>
<td><strong>workout plan</strong></td>
</tr>
<tr>
<td><strong>wraparound mortgage</strong></td>
</tr>
<tr>
<td><strong>Ownership</strong></td>
</tr>
<tr>
<td><strong>absentee owner</strong></td>
</tr>
<tr>
<td><strong>abutting owner</strong></td>
</tr>
<tr>
<td><strong>air rights</strong></td>
</tr>
<tr>
<td><strong>alien</strong></td>
</tr>
<tr>
<td><strong>allodial system</strong></td>
</tr>
<tr>
<td><strong>bundle of rights</strong></td>
</tr>
<tr>
<td><strong>community property</strong></td>
</tr>
<tr>
<td><strong>concurrent ownership</strong></td>
</tr>
<tr>
<td><strong>condo</strong></td>
</tr>
<tr>
<td><strong>contribution, right of</strong></td>
</tr>
<tr>
<td><strong>cooperative ownership</strong></td>
</tr>
<tr>
<td><strong>corporeal property</strong></td>
</tr>
<tr>
<td><strong>cotenancy</strong></td>
</tr>
<tr>
<td><strong>disseisin</strong></td>
</tr>
<tr>
<td><strong>divided interest</strong></td>
</tr>
<tr>
<td><strong>entity, legal</strong></td>
</tr>
<tr>
<td><strong>feudal system</strong></td>
</tr>
<tr>
<td><strong>general partner</strong></td>
</tr>
<tr>
<td><strong>general partnership</strong></td>
</tr>
<tr>
<td><strong>home ownership</strong></td>
</tr>
<tr>
<td><strong>interest in property</strong></td>
</tr>
<tr>
<td><strong>interval ownership</strong></td>
</tr>
<tr>
<td><strong>inter vivos trust</strong></td>
</tr>
<tr>
<td><strong>joint tenancy</strong></td>
</tr>
<tr>
<td><strong>land trust</strong></td>
</tr>
<tr>
<td><strong>leased fee</strong></td>
</tr>
<tr>
<td><strong>leasehold</strong></td>
</tr>
<tr>
<td><strong>limited liability company (LLC)</strong></td>
</tr>
<tr>
<td><strong>limited partnership</strong></td>
</tr>
<tr>
<td><strong>living trust</strong></td>
</tr>
<tr>
<td><strong>master limited partnership</strong></td>
</tr>
<tr>
<td><strong>owner occupant</strong></td>
</tr>
<tr>
<td><strong>ownership, form of</strong></td>
</tr>
<tr>
<td><strong>partition</strong></td>
</tr>
<tr>
<td><strong>partnership</strong></td>
</tr>
<tr>
<td><strong>passive investor</strong></td>
</tr>
<tr>
<td><strong>possession</strong></td>
</tr>
<tr>
<td><strong>prescription</strong></td>
</tr>
<tr>
<td><strong>principal residence</strong></td>
</tr>
<tr>
<td><strong>property</strong></td>
</tr>
<tr>
<td><strong>proprietorship</strong></td>
</tr>
<tr>
<td><strong>real estate investment trust (REIT)</strong></td>
</tr>
<tr>
<td><strong>real estate owned (REO)</strong></td>
</tr>
<tr>
<td><strong>right of survivorship</strong></td>
</tr>
<tr>
<td><strong>separate property</strong></td>
</tr>
<tr>
<td><strong>severalty</strong></td>
</tr>
<tr>
<td><strong>sole proprietorship</strong></td>
</tr>
<tr>
<td><strong>survivorship, right of</strong></td>
</tr>
<tr>
<td><strong>syndication</strong></td>
</tr>
<tr>
<td><strong>tacking</strong></td>
</tr>
<tr>
<td><strong>tenancy at sufferance</strong></td>
</tr>
<tr>
<td><strong>tenancy at will</strong></td>
</tr>
<tr>
<td><strong>tenancy by the entirety (entireties)</strong></td>
</tr>
<tr>
<td><strong>tenancy for life</strong></td>
</tr>
<tr>
<td><strong>tenancy for years</strong></td>
</tr>
<tr>
<td><strong>tenancy in common</strong></td>
</tr>
<tr>
<td><strong>tenancy in partnership</strong></td>
</tr>
<tr>
<td><strong>tenancy in severalty</strong></td>
</tr>
<tr>
<td><strong>time-share ownership plan</strong></td>
</tr>
<tr>
<td><strong>time-sharing</strong></td>
</tr>
<tr>
<td><strong>trust</strong></td>
</tr>
<tr>
<td><strong>trust beneficiary</strong></td>
</tr>
<tr>
<td><strong>undivided interest</strong></td>
</tr>
<tr>
<td><strong>Uniform Simultaneous Death Act</strong></td>
</tr>
<tr>
<td><strong>unity (joint tenancy)</strong></td>
</tr>
</tbody>
</table>

**Personal Property**

| **asset** |
| **bailment** |
| **bequeath** |
| **bill of sale** |
| **capital** |
| **chattel** |
| **chattel mortgage** |
| **emblement** |
| **financing statement** |
| **fructus industriales** |
| **inventory** |
| **personal property** |
| **security agreement** |
| **severance** |
| **termination statement** |
| **trade fixture** |
| **Uniform Commercial Code (UCC)** |

**Property Management (see also Leasing)**

| **budget** |
| **fidelity bond** |
| **fixed expenses** |
| **management agreement** |
| **management survey** |
| **net spendable income** |
| **off-site management** |
| **on-site management** |
| **operating budget** |
| **operating expenses** |
| **per-unit cost method** |
| **positive cash flow** |
| **property management** |
| **rent roll** |
| **reserve for replacements** |
| **resident manager** |

Language_of_RE_7E.indb   25
5/2/2013   8:50:40 AM

SAMPLE
Recording (see also Title Evidence)
bona fide
constructive notice
covenance tax
defect of record
file
good faith
grantor-grantee index
innocent purchaser for value
inquiry notice
legal notice
liber
priority
recording
registrer (recorder)
regular system (REG)
subsequent bona fide purchaser
tract index

Securities
antifraud provisions
blind pool
blue-sky laws
call
collateralized mortgage obligation (CMO)
direct participation program licenses
due diligence
guaranteed mortgage certificate
intrastate exemption
investment contract
legend stock
mortgage-backed security (MBS)
“no action” letter
offer to sell
pass-through
private offering
prospectus
real property securities registration
red herring
Regulation A
Regulation D
Regulation T
rental pool
risk capital
Rule 10-B5
Rule 146
Rule 147
security
subscription
Uniform Limited Partnership Act
(ULPA)
Uniform Partnership Act (UPA)

Subdivisions (and Roads)
air park
aliquot
avenue
boulevard
business park
CC&Rs
circle
consolidate
contiguous
cul-de-sac
curvilinear
declaration of restrictions
drive
egress
freeway
frontage
frontage street
grade
gradient
gridiron
highway
infrastructure
 ingress
inside lot
Interstate Land Sales Full Disclosure Act
key lot
lane
limited access highway
loop
Office of Interstate Land Sales Registration (OILSR)
orientation
parkway
place
planned unit development (PUD)
plat book
property report
public offering statement
restriction
resubdivision
statement of record
street
subdivider
subdivision
subdivision registration law
way

Taxation
accelerated cost recovery system
accelerated depreciation
accommodating party
adjusted basis
ad valorem
annual exclusion for gift tax
assessed valuation
assessment
assessment rolls
assessor
asset depreciation range system (ADR)
at-risk rules
bargain sale
basis
boot
business energy property tax credit
capital assets
capital expenditure
capital gain
capital improvement
capital loss
churning
component depreciation
constructive receipt
contract price
cost recovery
dealer
debt relief
declining-balance method
deductions
defered-payment method
deferred taxes
delayed exchange
demolition loss
depletion
depreciable life
depreciable real property
  (accounting)
depreciation (tax)
depreciation recapture
donor
double taxation
enrolled agent
equalization board
estate tax, federal
exchange
excise tax
farm assets
federal revenue stamp
federal tax lien
fixing-up expenses
gain
gift causa mortis
gift tax
grievance period
historic structure
holding period
improvements
imputed interest
income averaging
income tax
individual retirement account
installment sale
intermediary
Internal Revenue Code of 1986
  (IRC)
investment interest
involuntary conversion
Keogh plan
landscaping
leasehold improvements
levy
like-kind property
limited liability company (LLC)
limited partnership
marital tax rate
marital deduction
mill
modified accelerated cost recovery
  system (MACRS)
multiple-asset exchange
notice of assessment
open space taxation law
ordinary and necessary business
  expense
ordinary gain
organization expenses,
  partnership
passive loss
property tax
qualified intermediary
recapture
recognition
rehabilitate (rehab)
related parties
relinquished property
reparis
replacement property
reporting requirements
residence, sale of
rollover
safe harbor rule
sale-leaseback
sales-assessment ratio
salvage value
Savings Incentive Match Plan for
  Employees (SIMPLE)
short-term capital gain
silent partner
simplified employee plan (SEP)
special assessment
Starker exchange
stepped-up basis
straight-line method
subchapter S corporation
substantial improvement
sum-of-the-years’-digits (SOYD)
  method
tax abatement
tax base
tax bracket
tax certificate
tax clearance
tax credit
tax deed
tax-deferred exchange
tax-free exchange
tax lien
tax map
tax preference
tax rate
tax roll
tax sale
tax search
tax shelter
trading up
transfer tax (conveyance fee)
undistributed taxable income
unearned income
up-leg
useful life
use tax
vacation home
wasting asset
withholding

Title (see also Estates)
accession
accretion
adverse possession
after-acquired
annexation
appurtenance
avulsion
bare title
claim of right
clearing title
clear title
cloud on title
color of title
continuation
diluvion
encroachment
encumbrance
equitable title
<table>
<thead>
<tr>
<th>Subject Classification of Terms</th>
</tr>
</thead>
<tbody>
<tr>
<td>erosion</td>
</tr>
<tr>
<td>escheat</td>
</tr>
<tr>
<td>fixture</td>
</tr>
<tr>
<td>free and clear title</td>
</tr>
<tr>
<td>gap in title</td>
</tr>
<tr>
<td>hostile possession</td>
</tr>
<tr>
<td>lost-grant doctrine</td>
</tr>
<tr>
<td>marketable title</td>
</tr>
<tr>
<td>muniment of title</td>
</tr>
<tr>
<td>naked title</td>
</tr>
<tr>
<td>open and notorious possession</td>
</tr>
<tr>
<td>perfecting title</td>
</tr>
<tr>
<td>quiet title action</td>
</tr>
<tr>
<td>record owner</td>
</tr>
<tr>
<td>record title</td>
</tr>
<tr>
<td>root title</td>
</tr>
<tr>
<td>slander of title</td>
</tr>
<tr>
<td>title</td>
</tr>
<tr>
<td>title paramount</td>
</tr>
<tr>
<td>unencumbered property</td>
</tr>
<tr>
<td>unmarketable title</td>
</tr>
</tbody>
</table>

**Title Evidence (see also Recording)**
- abstracter’s certificate
- abstract of title
- affidavit of title
- American Land Title Association (ALTA)
- bring-down search
- cadastral map
- certificate of title
- chain of title
- closing protection letter
- deraign
- evidence of title
- extended coverage
- flyspecking
- forgery
- hiatus
- hidden risk
- idem sonans
- insurable title
- late date order
- letter report
- off-record title defect

**Water**
- correlative water right
- diffused surface waters
- groundwater
- mutual water company
- navigable waters
- overflow right
- potable water
- prior appropriation
- reliction
- riparian rights
- surface water
- water
- watercourse
- watershed
- water table

**Zoning (see also Government)**
- acreage zoning
- airport zoning
- area regulations
- blighted area
- buffer zone
- building codes
- building permit
- building restrictions
- cemetery lots
- central business district
- cluster zoning

Coastal Zone Management Act
conditional-use zoning
conservation
density
density zoning
downzoning
dwelling unit
exclusionary zoning
floating zone
general plan
grandfather clause
heavy industry
hotel
inclusionary zoning
inner city
land bank
land-use intensity
land-use map
light industry
livability space ratio
master plan
minimum lot area
moratorium
municipal ordinance
new town
nonconforming use
parking ratio
planning commission
preservation district
pyramid zoning
rural
rurban
satellite city
setback
special-use permit
spot zoning
upzoning
urban enterprise zone
urban renewal
urban sprawl
variance
zero lot line
zoning
zoning estoppel
AAA tenant  A well-known business tenant with an exceptionally high credit rating, or one whose national or local name lends prestige to a shopping center or office project.

A, B, C, D paper  Categorization of borrowers and loans in order of desirability; an A borrower is rated the highest and is eligible for the lowest interest rates; B is lower, with C and D the lowest. (See credit scoring.)

abandonment  The act of voluntarily surrendering or relinquishing possession of real property without vesting this interest in any other person. An overt act is usually needed to prove abandonment, such as an owner’s failure to pay real estate taxes. Each case of possible abandonment must be evaluated to determine whether the property has indeed been legally abandoned. Mere nonuse of the property is insufficient evidence that the possessor will not reclaim the property. For example, the owner of an easement footpath across a neighboring property might demonstrate the intent to abandon the easement by erecting a fence between the two properties. When a condemning authority abandons an easement, the fee owner (condemneree) regains exclusive ownership of the parcel.

Abandonment can be distinguished from “surrender,” which requires some form of agreement (as between lessor and lessee), and from “forfeiture,” which occurs against the owner’s wishes. Abandonment of use takes place when an owner terminates a permitted right of nonconforming use under the current zoning ordinance. (See forfeiture, surrender.)

A tenant who vacates leased property, no longer intending to perform under the terms of the lease, is abandoning the property. The landlord then regains full possession and control, but the lessee remains liable for rent until the lease expires. If the landlord accepts the abandonment (agrees to terminate the tenancy), it is recognized as a surrender, and the tenant is not obligated to pay future rents under the terms of the lease.

The Uniform Residential Landlord and Tenant Act, adopted by many states, provides that the landlord must make “reasonable efforts” to relin abandoned property at a fair rental. (See Uniform Residential Landlord and Tenant Act [URLTA].)

In states that recognize homestead rights, a claimant may abandon a homestead by filing a declaration of abandonment in the public record. Merely leaving such premises will not officially constitute an abandonment of a person’s homestead rights. (See homestead.)

An abandonment may have income tax consequences. The taxpayer-owner who abandons real estate may be able to treat the abandonment as a “sale” for which the taxpayer received no payment (other than relief from any mortgages or liens). In this case, the taxpayer may claim a loss to the extent of the adjusted basis in the property.

Most states have laws covering the rights and obligations of the government and various parties in cases of unclaimed or abandoned personal property. Landlords of miniwarehouses, for example, should carefully examine the possible liabilities involved in disposing of unclaimed property at the termination of a rental. (See escheat.)

abatement  A reduction or decrease in amount, degree, intensity, or worth. For example, a lessee usually is entitled to an abatement of rent during the time the premises are made uninhabitable by fire, flood, or other acts of God. Also, there may be an abatement of rent if the landlord fails to give the tenant possession at the beginning of the agreed-upon lease term.
When a defect is discovered in a seller’s title and the seller refuses to correct it before closing, the buyer can seek specific performance of the contract with an abatement from the purchase price because of the defect. For example, a buyer enters into a contract to purchase a $100,000 house. Before closing, a title search reveals that the sellers have not paid $5,000 in property taxes. The sellers refuse to pay the taxes and decide not to sell the property. The buyer could deposit $95,000 into court and force a sale of the property in an action for specific performance. The sellers would then pay the state the $5,000 in unpaid taxes to obtain clear title to the property.

Tax abatement occurs when there is tax reduction or cessation of an initial assessed valuation, such as an error in the tax assessment.

A summary abatement is the court-ordered destruction of premises that are considered unsafe or partially destroyed.

If a property owner is maintaining a nuisance, such as a chemical plant emitting harmful fumes, an abutting owner may bring an action to abate the nuisance.

An asbestos abatement plan outlines the method to handle the control of asbestos found in a property. Abatement methods include removal by specially licensed asbestos abatement contractors; encapsulation of the asbestos-containing materials (ACMs) so that the fibers may not easily be released; enclosure by covering the ACMs with a protective wrap or jacket; or sealing off an area that contains the asbestos, such as a crawlspace.

**able** Refers to financial ability in the phrase “ready, willing, and able buyer,” used to determine whether a broker is entitled to a commission. It does not mean that the buyer must have all the cash for the purchase but that the buyer must be able to qualify for and arrange the necessary financing within the time specified in the purchase agreement. (See **contingency, procuring cause**.)

**abnormal sale** A real estate sale that is unusual for the marketplace. The appraiser must consider the merit of such real estate as a reliable comparable; for example, whether the sellers sold the property to their children at less than market value. (See **direct sales comparison approach**.)

**absentee owner** A property owner who does not reside on the property and who often relies on a property manager to manage the investment.

Federal tax laws deal with the ownership of depreciable real property when the owner is absent most of the year but occupies the property on vacations or at other times for part of the year. These changes are aimed at reducing the tax depreciation advantages when an absentee owner uses the property as a second home. Consult experienced counsel for specific details. (See **real property securities registration, vacation home**.)

Many states now require the sellers of property to give the buyer a property condition report. This presents a problem for absentee owners. As an alternative, the absentee owner may want to give the buyer a report from a professional property inspector. In some states, the absentee owner is exempt from having to provide the report.

**absolute** Unrestricted and without conditions or limitations, as in a fee simple absolute estate, an absolute conveyance, or absolute liability (strict liability).

**absorber** A coated panel in a solar heat collector that absorbs the solar radiation, which is then transmitted through the cover plate by absorber fluid passages and converted to heat energy.

**absorption bed** A shallow trench that contains a distribution pipe to pass effluent from the septic tank so that it is absorbed into the soil.

**absorption rate** An estimate of the rate at which a particular classification of space—such as new office space, new housing, or new condominium units—will be sold or occupied each year. A prediction of this rate is often involved in a feasibility study or an appraisal in connection with a request for financing. (See **appraisal, feasibility study**.)
accelerated depreciation

abstracter One who prepares an abstract of title. Also spelled abstracter. (See abstract of title.)

abstractor's certificate A warranty by an abstractor that an abstract contains all matters of public record affecting title to a specific tract of land. (See abstract of title.)

abstraction An appraisal method whereby the appraiser estimates the land value of any improved property by deducting, or abstracting, the value of any site improvements from the overall sales price of the property. The amount remaining is the estimated sales price, or indicated value, of the land. Also called the allocation or extraction method. (See appraisal.)

abstract of judgment Document used to effectuate a judgment lien. Must be filed in any county where the judgment debtor has real estate. (See attachment, general lien, judgment lien, lis pendens [Lis/P].)

abstract of title A full summary of all consecutive grants, conveyances, wills, records, and judicial proceedings affecting title to a specific parcel of real estate, together with a statement of all recorded liens and encumbrances affecting the property and their present status. The person preparing the abstract of title, called an abstracter, searches the title as recorded or registered with the county recorder, county registrar, circuit court, and/or other official sources. The abstractor summarizes the various instruments affecting the property and arranges them in the chronological order of recording, starting with the original grant of title.

The abstract includes a list of public records searched and not searched in preparation of the report. In summarizing a deed in the chain of title, the abstracter might note the recorder’s book and page number, the date of the deed, the recording date, the names of the grantor and grantee, a brief description of the property, the type of deed, and any conditions or restrictions contained in the deed.

The abstract of title does not guarantee or ensure the validity of the title of the property. Rather, it is a condensed history that merely discloses those items about the property that are of public record; thus, it does not reveal such things as encroachments and forgeries. Therefore, abstracters are usually liable only for damages caused by their own negligence in searching the public records. (See certificate of title, chain of title, preliminary report, title insurance, title report.)

abutment A specific part of a wall or pier on which an object presses, such as the supports at either end of a bridge.

abutting owner An owner whose land adjoins a public road or any contiguous property. The major problems between abutting owners occur regarding encroachments, party walls, access, light and air easements, and lateral support. Abutter’s rights include the right to see and be seen from the street. (See access, lateral and subjacent support.)

accelerated cost recovery system (ACRS) A simplified depreciation system originally created under the Economic Recovery Tax Act of 1981 to replace the old “ADS class life” system. Costs can be written off over a predetermined amount of time depending on the class or property. ACRS applied to most equipment placed in service between 1980 and before 1987. (See accelerated depreciation, depreciation [tax], salvage value, useful life.)

The Tax Reform Act of 1986 contained several changes to the ACRS rules. The changes are generally effective for property placed in service after December 31, 1986. (See modified accelerated cost recovery system [MACRS], Tax Reform Act of 1986.)

accelerated depreciation For tax purposes, a method of calculating the cost write-off (depreciation) of certain personal property and improvements to real property at a faster rate than would be achieved by using the straight-line method of depreciation. The property must be used in a trade or business or held for the production of income. This method assumes that an asset deteriorates more rapidly in its early years. (See depreciation [tax].)
acceleration clause

For a description of the basic techniques, see declining-balance method, sum-of-the-years'-digits (SOYD) method.

For property previously placed in service, the original period and method of depreciation or cost recovery will remain in effect for as long as the same owner keeps the property in service for an eligible use. Thus, some taxpayers will compute depreciation separately for property placed in service before 1981, ACRS property placed in service between 1981 and 1986, and property placed in service after 1986. (See accelerated cost recovery system [ACRS], modified accelerated cost recovery system [MACRS], straight-line method.)

acceleration clause A provision in a mortgage, trust deed, promissory note, or contract for deed (agreement of sale) that, upon the occurrence of a specified event, gives the lender (payee, obligee, or mortgagor) the right to call all sums due and payable in advance of the fixed payment date. This event might be default on an installment payment, destruction (waste) of the premises, placement of an encumbrance on the property, or its sale or assignment. Usually the payee has the option to accelerate the note upon default of payment of any installment of interest or principal when due, provided he or she gives adequate notice and specifies a time within which the defaulting party may cure the default. The payee may also accelerate for other breaches of provisions in the contract, such as failure to pay taxes and assessments or to keep the property insured or in repair. A lender may also exercise acceleration when it is discovered that the borrower (mortgagor) does not hold good title to the mortgaged property, contrary to prior claims at the time the mortgage was created, or upon condemnation of all or part of the premises.

The provision for acceleration does not exist unless it is expressly set forth in the mortgage or contract-for-deed document. The acceleration provisions stated in the mortgage should be consistent with those stated in the promissory note. An acceleration clause is also called a due-on-sale clause or alienation clause when it provides for acceleration upon the sale of the property. A court might hold an acceleration clause to be unenforceable if it is deemed an unreasonable restraint or restriction on alienation.

The seller under a contract for deed usually inserts an acceleration clause in order to declare the entire balance due and payable when the buyer fails to cure a default. Without this clause, the seller would have to sue the buyer as each installment payment became due and unpaid. (See due-on-sale clause, mortgage, prepayment privilege.)

acceleration principle An event that has greater impact on demand or prices than can be traced directly to that event alone. The catalyst that attracts trade, business, and/or industry to a given location.

acceptance 1. The expression of intent of a person receiving an offer (offeree, such as the seller in a real estate transaction) to be bound by the terms of the offer. Acceptance must be communicated to the person making the offer (offeror, such as a buyer). The communication need not be in writing—it may be a mere nod of the head—but if the offer is in writing and pertains to real property, the acceptance also must be in writing to be enforceable.

A buyer may revoke an offer at any time before receiving notice of the seller’s acceptance, even if the buyer has stated a willingness to keep the offer open for a certain time. Thus, the sales contract should include a statement that requires the exact time of the acceptance and that acceptance should be communicated to the buyer or offeror as soon as practicable. Communication is particularly significant because the buyer might effectively revoke the offer to purchase after the seller has accepted the offer but before the acceptance has been effectively communicated to the buyer.
Also, the acceptance must be made within the time limit stated in the offer. If no time limit is stated, then the acceptance is valid if made within a reasonable time of the offer, which differs in each case and custom within the community. To avoid the confusion that might be caused by the communication rule, some offers specify that the acceptance is not effective unless a signed copy is received by the offeror or broker within a certain time.

If the offer prescribes a specific method of acceptance, such as facsimile or electronic record, then the acceptance is not effective unless that method is used. For instance, acceptance of a mailed offer becomes an effective and binding contract when deposited in the mails. (The law presumes that the buyer appointed the post office as the agent to receive notification of acceptance.) Where the acceptance is communicated in an unusual manner (such as placing it in a newspaper ad), then the contract is not effective until and unless the acceptance is received by the buyer within a reasonable time. (See Uniform Electronic Transaction Act [UETA].)

An owner who listed property with a broker is under no obligation to accept an offer from a buyer at the listing price. The listing is an employment agreement, not an offer to sell. Therefore, it creates no power of acceptance in the buyer. The owner may, however, owe money damages to the broker.

Although silence is usually not sufficient indication of intent to accept, sometimes it may be. For example, where a broker has handled many sales for a developer at a 4 percent commission and the developer offers another property that the broker sells, the broker may be held to have agreed to another 4 percent rate, even though a more reasonable rate in the community might be 7 percent.

2. Voluntary and unconditional acceptance of a deed by the grantee is essential to a valid delivery of the deed—a grantee who does not want title to the property need not take it. Acceptance is often presumed by the courts when beneficial to the grantee (called constructive acceptance), as in cases of a beneficial conveyance to a person incapable of consenting, such as a deed to a minor or an incompetent person. The acceptance can be presumed by the grantee retaining the deed, taking possession, recording the deed, paying the sales price, encumbering the title, or any other act of ownership.

For example, a court probably would not presume acceptance when the grantor grants his $100,000 farm—heavily encumbered with $600,000 in debt and full of building code violations—to a grantee, who dies without ever being aware the property was deeded to him. If, however, the property were free and clear of debt and code violations, the court probably would presume acceptance by the unaware decedent, and the property would thus pass to his estate, provided there was a valid delivery. (See deed, contract, delivery, listing, offer and acceptance.)

**access** A means by which property is approached or a method of entrance into or upon a property. Access is also a general or specific right of ingress and egress to a particular property. A property owner usually has the right to have access to and from the property to a public street or highway abutting thereon, including the right to the unrestricted flow of light and air from the street to the property. The term access also refers to the right of a riparian owner to pass to and from the waters upon which the property borders.

Many state laws maintain that a residential tenant may not unreasonably withhold consent from the landlord to enter the dwelling unit in order to inspect the premises; make necessary or agreed repairs; supply services as agreed; show the dwelling unit to prospective purchasers, mortgagees, or tenants; or demand rent. However, the landlord may not abuse this right of access or use it to harass the tenant and should enter only after giving the tenant reasonable notice or in cases of emergency or when impracticable to do so.
accessibility

Condominium rules create easements and other rights for owners to gain access to their units across common elements. (See abutting owner, landlocked, Uniform Residential Landlord and Tenant Act [URLTA].)

accessibility
1. The relative ease of entry to a site and its location with respect to different transportation facilities is an important factor in evaluating the suitability of a site for a particular use.
2. The ability of a person with a handicap or disability to more easily and independently approach and use facilities. Actions can include changing door widths, increasing wheelchair radius, installing grab bars, audible and visual signals, and the like. (See federal fair housing law; Americans with Disabilities Act [ADA].)

accession (accesión) The acquisition of title to additional land or to improvements as a result of the annexation of fixtures or as a result of alluvial deposits along the banks of streams by accretion. For example, if Ben Brown builds a fence on his neighbor’s property without an agreement permitting Brown to remove it, ownership of the fence accedes to the neighbor, unless the neighbor requires that it be removed. (See accretion, alluvion, annexation, fixture, improvements.)

accessory building (edificación complementaria) A building used for a purpose other than that of the principal building on the same lot. For example, a garage, pump house, or storage shed would be considered an accessory building if erected on the same parcel of land as the property’s main building.

accommodating party A person or entity who agrees to take title to a property in connection with a Section 1031 tax exchange. Also called the intermediary. (See delayed exchange.)

accommodation party A party who signs a negotiable instrument (such as a promissory note) as maker, acceptor, or endorser, without receiving any consideration, to accommodate another party and enhance the creditworthiness of the paper by lending his name as further security. For example, a brother who co-signs a bank note with his sister so that she can borrow money to buy a house would be an accommodation party to the lending contract. (See consideration, guarantor, negotiable instrument.)

accord and satisfaction The settlement of an obligation. An accord is an agreement by a creditor to accept something different from or less than what the creditor feels entitled to. When the creditor accepts the consideration offered by the debtor for the accord, the acceptance constitutes a satisfaction and the obligation of the debtor is extinguished.

For these rules to apply, it is essential that the obligation be in dispute (that is, an unliquidated debt). For example, if Gary Green clearly owes Bob Brown $100 and Green sends a $75 check marked “payment in full,” Brown still has a claim against Green for the $25 balance. If, however, the amount owed is disputed and Green offers a $75 check as payment in full, then the act of cashing the check would be an accord and satisfaction, and the obligation would be extinguished. (See novation.)

accounting The fiduciary duty of an agent to maintain and preserve the property and money of the principal. The agent must keep accurate records of funds and documents received. (See agent, fiduciary, principal.)

account payable A liability (debt) representing an amount owed to a creditor, usually arising from the purchase of merchandise, supplies, or services. It is not necessarily due immediately.

account receivable A claim against a debtor, usually arising from sales or services rendered to the debtor. The opposite of an account payable, an account receivable is not necessarily due or past due at any specific time.
Accredited Land Consultant (ALC)  A professional designation conferred by the REALTORS® Land Institute (RLI). (See Appendix B.)

Accredited Management Organization (AMO)  A professional designation conferred upon management organizations meeting the standards set by the Institute of Real Estate Management (IREM). (See Appendix B.)

Accredited Resident Manager (ARM)  A professional designation conferred by the Institute of Real Estate Management (IREM). (See Appendix B.)

Accredited Rural Appraiser (ARA)  A professional designation conferred by the American Society of Farm and Rural Appraisers. (See Appendix B.)

accretion  The gradual and imperceptible addition of land by alluvial deposits of soil through natural causes, such as shoreline movement caused by streams or rivers. This added land upon a bank or stream, navigable or not, becomes the property of the riparian or littoral owner, and it also becomes subject to any existing mortgages. Conversely, the owner can lose title to land that is gradually washed away through erosion. (See alluvion, erosion, littoral land, riparian rights.)

accrual method  An accounting method of reporting income and expenses in which expenses incurred and income earned for a given period are reported whether or not the expenses were paid or income was received. The right to receive, not the actual receipt, determines the inclusion of the amount in gross income. Similarly, expenses are deducted when the taxpayer’s liability becomes fixed and definite, not when the taxpayer actually pays the expense. Generally, the accrual method is available to businesses and is not for use by individuals.

For a description of the other accounting method for reporting income and expenses, see cash method.

accumulated depreciation  (depreciación acumulada)
1. In accounting, a bookkeeping account that shows the total amount of depreciation taken on an asset since it was acquired; also called accumulated depreciation. (See depreciation [tax].)
2. For appraisal purposes, the difference between the cost to reproduce the property (as of the appraisal date) and the property’s current value as judged by its “competitive condition.” In this context, accrued depreciation is often called diminished utility. (See book value, depreciation [appraisal].)

accumulated depreciation  See accrued depreciation.

acknowledgment  A formal declaration made before a duly authorized officer, usually a notary public, by a person who has signed a document; also, the document itself. An acknowledgment is designed to prevent forged and fraudulently induced documents from taking effect. The officer confirms that the signing is the voluntary act and genuine signature of a person who is known to the officer or who provides adequate identification. Though typical, it is not necessary that the person sign in the presence of the officer. The officer is liable for damages caused by the negligent failure to identify the person correctly—for instance, if forgery occurs because the officer accepted verification by telephone.

In most states, a document will not be accepted for recording unless it is acknowledged. A foreign acknowledgment (one that has taken place outside of the state in which it is to be recorded) is generally valid if it is valid where made. The signature of the foreign officer is sufficient evidence.
acquired immunodeficiency syndrome (AIDS)  A serious disease of the immune system. Persons with acquired immunodeficiency syndrome are protected under most federal and state discrimination laws. Many states have amended their licensing laws to provide that the fact that someone has AIDS is not deemed a material fact and therefore does not form the basis for a claim that a broker concealed a material fact. Also protected are persons with AIDS-related complex (ARC) or human immunodeficiency virus infection (HIV).

acquisition appraisal  The appraisal for market value of a property to be acquired for a public use by governmental condemnation or negotiation. The purpose of the appraisal is to estimate market value so the government can set the amount of just compensation to be offered the property owner. (See appraisal, condemnation, market value.)

acquisition cost  The amount of money or other valuable consideration expended to obtain title to property. Includes, in addition to the purchase price, such items as closing costs, appraisal fees, and title insurance. (See basis, consideration, title.)

acre (AC) (acre)  A measure of land area equal to 43,560 square feet or 208.71 feet by 208.71 feet. Equivalent to 4,840 square yards, 4,047 square meters, 160 square rods, or 0.4047 hectare. A square mile contains 640 acres (25.6 hectares). (See measurement tables, more or less.)

acreage zoning  Zoning intended to reduce residential density by requiring large building lots. Also called large-lot zoning or snob zoning. (See density, density zoning, zoning.)
acre foot  A volume of water, sand, or minerals equal to an area of one acre with a depth of one foot (43,560 cubic feet); used in measuring irrigation water. If a liquid, it equals 325,850 gallons.

ACRS  See accelerated cost recovery system (ACRS).

act of God  (caso fortuito, fuerza mayor)  An act of nature beyond human control, such as a tidal wave, flood, hurricane, volcanic eruption, or earthquake. Many contracts include a force majeure clause, which temporarily or permanently relieves the parties of performance of a contract where an act of God has destroyed or damaged the subject matter or prevented performance. Under the name destroyed or materially damaged clause, this provision relieves the parties to a real estate sales contract from performance when an act of God has damaged the property’s improvements before the transfer of title. (See force majeure.)

actual age  The chronological age of a building; the opposite of its effective age, as indicated by the building’s condition and utility. For example, a building with an actual age of 15 years might have an effective age of 20 years because of deferred maintenance. (See effective age.)

actual cash value  An insurance term for the monetary worth of an improvement. Actual cash value is calculated by subtracting the value of the physical wear and tear of a property from its replacement cost.

actual damages  Those damages that a court of law will recognize and that are a direct result of a wrong. In contrast, special or punitive damages are imposed by courts as a deterrent and as a punishment. (See damages.)

actual notice  Express information or fact; that which is known; actual knowledge. Constructive notice, on the other hand, is knowledge that is implied by law—that which the law charges one with knowing.

A person having either actual or constructive notice of a third party’s prior rights to a property normally takes the property subject to that third party’s rights. One cannot claim the benefits of the recording law if taking title to property with actual notice of a previously executed but unrecording instrument. There is also a type of notice called inquiry notice, where circumstances, appearances, or rumors are such that one has a duty to inquire further in order to determine whether property ownership exists with a person other than the one claiming that ownership. (See constructive notice, inquiry notice, legal notice, notice, recording.)

actual eviction  The process of physically removing a tenant after the court issues a judgment decree for possession in favor of the owner and the tenant does not voluntarily leave. It is sometimes called ejectment or repossession. (See eviction.)

actuary  A person usually associated with an insurance company or savings and loan association, and skilled in calculating the value of life interests, pension plans, and annuities. (See annuity, life estate.)

ADA  See Americans with Disabilities Act (ADA).

adaptability  The ability at a later date to easily change the physical designs in residential or commercial units to accommodate needs for those encountering mobility limitations. For example, the installation of reinforcements in bathroom walls allows quick and easy installation of grab bars later.

ADC loan  A type of loan that covers the acquisition, development, and construction of a development project.

add-back  For a loan that defers payment of a portion of interest due, the deferred amount added to the balloon payment due at the end of the loan. (See balloon payment, negative amortization.)
addendum. Additional material attached to and made part of a document. If there is space insufficient to write all the details of a transaction on the sales contract form, the parties will attach an addendum or supplement to the document. The sales contract should incorporate the addendum by referring to it as part of the agreement. The addendum should refer to the sales contract and be dated and signed or initialed by all the parties. (See rider.)

addition Any construction that increases a building’s size or significantly adds to it. For example, construction of a second floor on top of a one-level structure is an addition.

additional charge mortgage A mortgage-type instrument used to secure an additional advance of money from the holder of the mortgage to the mortgagor after the original loan transaction. Used to avoid any question as to whether the two debts are related. (See advance, anaconda mortgage.)

additional deposit The additional earnest money given by the buyer to the seller or to escrow under a purchase agreement. The additional deposit is usually tendered within a short period of time after acceptance of the offer. For example, the buyer might deposit $1,000 with her offer to purchase the seller’s $150,000 condominium unit and agree to pay an additional deposit of $4,000 within five working days after the seller’s acceptance. If the buyer breaches the contract, the seller may elect to keep all deposit money, including the additional deposit, as damages.

If the buyer is late in making the additional deposit payment, the seller may be able to terminate the contract if a court holds that failure to make timely payment is a material breach. One way for the seller to ensure this result is to make the seller’s acceptance conditioned upon timely payment of the additional deposit. (See breach of contract, deposit, earnest money.)

additional space option A right within a lease giving a tenant the option to expand the tenant’s leased space during the lease term as required and on terms specified in the lease.

add-on interest Interest charged on the entire principal amount for the specified term, regardless of any repayments of principal. The borrower is paying interest on the full principal sum for the entire loan period (and not on the declining balance), even though the principal is being reduced each month. Also called block interest. (See interest.)

For example, a $10,000 loan with add-on interest at 12 percent payable over three years would require equal annual interest payments of $1,200 until completely paid, regardless of the unpaid principal amount. As a rule, to determine the effective rate of interest (true annual interest), double the stated add-on interest rate. Thus, in the example, the true annual interest on the $10,000 loan would be almost 24 percent.

adhesion contract A contract that is one-sided, favoring the party who drafted the document. In fact, an adhesion contract can be so one-sided that doubt arises as to its being a voluntary and uncoerced agreement because it implies a serious inequality of bargaining power. Courts will not enforce provisions in adhesion contracts that are unfair and oppressive to the party who did not prepare the contract. Also called a take-it-or-leave-it contract.

Contracts with a lot of fine print, such as franchise agreements, mortgages, and leases, are sometimes challenged as adhesion contracts on the basis that the nondrafting party did not have a chance to bargain on the various provisions of the agreement.

An insurance contract (property, title, life) also is sometimes challenged as being an adhesion contract. Courts have held that any ambiguity is to be construed in favor of the insured, and any exclusion from coverage must be clearly and conspicuously stated. Courts will also apply the doctrine of unconscionability. (See boilerplate, plain language law, unconscionability.)

adjudicated Something that has been finally decided by a court or governmental agency.

adjunction (adjunción) The process of annexing one parcel of land to a larger parcel.
**adjustable-rate loan**  A broad term for a loan (mortgage or deed of trust) with rates and terms that can change. The Federal Housing Finance Agency (FHFA), which oversees Fannie Mae and Freddie Mac, the Comptroller of the Currency, which regulates national banks, and the Office of Thrift Supervision, which governs federal savings and loan associations, have issued guidelines allowing the issuance of real estate loans having provisions to increase or decrease the rate of interest at certain time intervals (e.g., every six months) within a certain range (e.g., 1 percent).

The adjustable-rate loan has become commonplace, with allowable ranges as to time intervals, percentage of increase or decrease and total increases or decreases likely to change as market conditions change. *(See biweekly payment loan, cap.)*

The adjustable-rate loan has created its own glossary of terms, such as the following:

**Current index:**  The current value of a recognized index as calculated and published nationally or regionally. The current index value changes periodically and is used in calculating the new note rate as of each rate adjustment date.

**Fully indexed note rate:**  The index value at the time of application plus the gross margin stated in the note.

**Gross margin:**  An amount, expressed as percentage points, added to the current index value on the rate adjustment date to establish the new note rate. The gross margin is stated in the loan document.

**Initial rate:**  The below-market rate charged for the first adjustment period to attract borrowers (the “teaser rate”).

**Initial rate discount:**  The index value at the time of loan application plus the gross margin minus the initial note rate.

**Life of loan cap:**  A ceiling that the note rate cannot exceed over the life of the loan.

**Note rate:**  The rate that determines the amount of annual interest charged to the borrower. The note rate is also called the *accrual rate*, *contract rate*, or *coupon rate*.

**Payment adjustment date:**  The date on which the borrower’s monthly principal and interest payment may change.

**Payment cap:**  A limit on the amount of increase in the borrower’s monthly principal and interest at the payment adjustment date. This takes effect if the principal and interest increase called for by the interest rate increase exceeds the payment cap percentage. This limitation is often at the borrower’s option and may result in negative amortization.

**Payment rate:**  The rate at which the borrower repays the loan. This rate reflects buydowns or payment caps.

**Periodic interest rate cap:**  A limit on the increase or decrease in the note rate at each rate adjustment, thereby limiting the borrower’s payment increase or decrease at the time of adjustment.

**Rate adjustment date:**  The date on which the borrower’s note rate may change.

**Subsidy buydown:**  Funds provided, usually by the builder or the seller, to sweeten a selling price by temporarily reducing the borrower’s monthly principal and interest payment.

**adjustable-rate mortgage (ARM) (hipoteca con tasa ajustable)**  *See adjustable-rate loan.*

**adjusted basis**  The original cost basis of a property reduced by certain deductions and increased by certain improvement costs. The original basis determined at the time of acquisition is reduced by the amount of allowable depreciation or depletion allowances taken by the taxpayer, and by the amount of any uncompensated property losses suffered by the taxpayer. It is then increased by the...
adjustment interval  The frequency with which the interest rate and the monthly payment amount can be reset in an adjustable-rate mortgage loan. (See adjustable-rate loan.)

adjustments
1. In appraisal, the increases or decreases to the sales price of a comparable property to arrive at an indicated value for the property being appraised. Adjustments may be made for several reasons. The first adjustment is for seller concessions or conditions of sale; then for financing terms. Another is for time of sale if there has been a change in market conditions since the comparable sale. Adjustments are then made for location and dissimilarities between the physical characteristics of the subject and the comparable property. The indicated value is increased or decreased for each difference or dissimilarity. (See appraisal, comparables, direct sales comparison approach.)
2. In real estate closings, the credits and debits of a settlement statement, such as real property tax, insurance, and rent prorations. (See closing [settlement].)

adjustment sheet  See closing statement.

admeasurement of dower  The determination and apportionment of shares. In the administration of an estate, the admeasurement of dower is an heir’s judicial remedy when the widow has been assigned more than she was entitled to under her dower right. In valuing the widow’s dower interest, standard annuity tables of mortality are used to ascertain the actuarial value of her future life interest, which is then applied to her proportionate share of the estate. (See dower.)

administrative law judge  In the United States, the administrative law judge (ALJ) is the presiding officer who conducts administrative hearings at which the parties present evidence. Usually, the ALJ can administer oaths and affirmations, issue subpoenas, rule on evidence presented, take depositions, regulate the course of the hearing, and make or recommend decisions. The ALJ’s authority is essentially one of making recommendations.

administrative regulations  Regulations having the force and effect of law, issued by an administrative agency. The state’s real estate commission often adopts regulations to complement the licensing law.

administrator
1. A person appointed by the court to settle the estate of a person who has died intestate (leaving no will). Sometimes called the personal representative. (See executor, personal representative.)
2. One who regulates securities.


ad valorem  Latin for “according to valuation,” usually referring to a type of tax or assessment. Real property tax is an ad valorem tax based on the assessed valuation of the property. Each property bears a tax burden proportionate to its value, as opposed to a specific tax per unit based on quantity, such as a tax per gallon of gasoline or package of cigarettes.

advance  To give consideration before it is due. Money is advanced by one party (such as a mortgagee or vendor) to cover carrying charges (such as taxes and insurance) on the property that were not properly paid by the other party in default. These amounts are credited to the account of the advance-
adverse possession

An important issue for lenders is whether a recorded mortgage securing future advances takes priority over a subsequent mortgage recorded before the date of the advance but subsequent to the recording of the first mortgage. Other advances include additional funds disbursed under an open-end mortgage or advances made by a construction lender to a developer-borrower. (See additional charge mortgage, draw.)

**advance fee** A fee paid before any services are rendered. For example, a broker may obtain a nonrefundable fee from the seller in advance to cover the advertising of properties or businesses for sale while giving no guarantee that a buyer will be found. Brokers must keep accurate records of expenditures.

**adverse financial change condition** A condition in a loan commitment entitling the lender to cancel the commitment if the borrower’s financial circumstances suffer a materially adverse change, typically loss of job.

**adverse possession** (prescripción adquisitiva) The acquiring of title to real property owned by someone else by means of open, notorious, hostile, and continuous possession for a statutory period of time. The main purpose of adverse possession statutes is to ensure the fullest and most productive use of privately owned land. The burden to prove title is on the possessors, who must show that four conditions were met: (1) They have been in possession under a claim of right. (2) They were in actual, open, and notorious possession of the premises so as to constitute reasonable notice to the record owner. (3) Possession was both exclusive and hostile to the title of the owner (that is, without the owner’s permission and evidencing an intention to maintain the claim of ownership against all who may contest it). (4) Possession was uninterrupted and continuous for at least the prescriptive period stipulated by state law. In this regard, successive occupation of the premises by persons who are successors in interest (that is, by privity of contract or descent) can be added together to meet the continuous-use requirement. For example, a father adversely occupies a certain parcel of land for four years. Upon his death, his son succeeds to his interest and “tacks on” to his father’s four-year prior possession. Two words can serve as memory aids: **POACH** (possession is open, actual, continuous, and hostile); **CANOE** (possession is continuous, actual, notorious, open, and exclusive).

The statutory period does not run against any individual under a legal disability (insanity) or until the individual has a legal cause of action to oust the possessor. For example, an adverse possessor could acquire title against a life tenant but not against the remainderman, who has no right to possession until the prior life estate is terminated.

Persons who claim title to property by adverse possession do not have readily marketable title until they obtain and record a judicial decree “quieting” the title or obtain a quitclaim deed from the ousted owner. When all requirements have been met, the owner’s title is extinguished and a new title is created in favor of the adverse possessor. The effective date of the new title, as far as the original owner is concerned, is the first adverse entry. Thus, suits by the former owner based on trespass, profits, or rents during the adverse period are barred.

Most states do not require the claimant to have paid taxes on the property for any certain period of time (although in some states, a claimant’s paying taxes may shorten the prescriptive period). However, a court might consider that failure to pay taxes is evidence that the claimant really did not claim ownership of the property.

The courts do not usually allow a claim of adverse possession if owner and claimant have a close family relationship, such as father and son or husband and wife, because in these cases, hostile claims are too difficult to prove. Cotenants normally cannot claim adverse possession against each other without an actual and clear ejectment of one cotenant by another.
Prescriptive rights in general are not usually favored by the law, insofar as they cause others to forfeit their rights. There is often a presumption that, when a person has entered into possession of another’s property, such possession was with the owner’s permission and consistent with the true owner’s title.

Generally, one cannot take title to state or federal lands by adverse possession. However, the federal Color of Title Act provides that a claimant who has met all four tests of adverse possession on public land may receive a patent to such land, provided that the land does not exceed 160 acres and that all taxes are paid. The United States, however, reserves the right to all coal and mineral rights to the property. In addition, title to Torrens-registered property usually cannot be taken by adverse possession. (See color of title, open and notorious possession, prescription, quiet title action, trespass.)

adverse use The prescriptive acquisition of the right to a limited use of another’s land; for example, a pathway easement across another’s property. To acquire an easement by adverse use, the claimant must generally satisfy the same requirements as those for adverse possession, including the prescriptive period. Whereas most easements cannot be lost by mere nonuse, an easement created by adverse use can be terminated by nonuse for the prescriptive period of adverse possession. (See easement by prescription, lost-grant doctrine.)

advertising The public promotion of one’s products and services. In real estate, advertising is governed by various rules and regulations established by federal, state, local, and private authorities. Many of the same advertising rules apply when property is advertised on Web sites over the Internet.

A broker needs a client’s written authorization to advertise a property, and in any offering the price quoted may not be other than that agreed on with the owner as the offering price. Many state license laws prohibit brokers from using blind ads—that is, advertisements placed on behalf of the seller that do not include the name of the licensed real estate broker. Salespeople may not advertise in their name alone. (See blind ad, false advertising.)

Three areas are key in terms of advertising real estate:

Condominiums and subdivisions: Many state condominium, time-sharing, and subdivision laws control advertising relating to condominium and subdivision sales. These laws require that ads contain no false or misleading statements and that no part of any material contained in a public report or public offering statement be used for advertising purposes unless the report is used in its entirety. In addition, some state agencies insist on reviewing all such ads before publication; other states have passed strict disclosure laws that apply to real estate advertising. In many states, a developer’s right to advertise new projects may be restricted until certain state registration requirements have been met.

Discrimination: Federal regulations prohibit housing advertisements that discriminate on the basis of race, color, religion, sex, handicap/disability, familial status, or national origin. Some state and municipal regulations also include marital status, age, sexual preference, or source of income.

Truth in lending: Federal truth-in-lending law requires certain types of disclosure information if the ad includes specific financing terms or credit terms. (See Truth in Lending Act.)

aeolian soil A type of soil that has been formed from windblown solid materials, such as sand dunes and volcanic ash deposits. Also, soil transported by the wind.

aesthetic value In appraisal of residential property, an intangible benefit of property that is exceptionally attractive or pleasing, as opposed to purely utilitarian. Protecting the aesthetic value of features such as a hillside site overlooking the ocean, for example, by implementing a zoning ordinance, is a permissible exercise of the government’s police power.
aesthetic zoning  See zoning.

affiant  Person making an affidavit.

affidavit  A sworn statement written down and made under oath before a notary public or other official authorized by law to administer an oath. The term literally means “has pledged one’s faith.” The affiant (person making the oath, sometimes called the “deponent”) must swear before the notary that the facts contained in the affidavit are true and correct. An affidavit is a complete instrument within itself, whereas an acknowledgment is always part of, or an appendage to, another instrument. An affidavit is sworn to, but an acknowledgment is not.

The purpose of an affidavit is to help establish or prove a fact, such as identity, age, residence, marital status, and occupancy of property.

An example of a simple affidavit format is shown below. (See affirmation, jurat, notary public.)

<table>
<thead>
<tr>
<th>STATE OF:</th>
<th>SS:</th>
</tr>
</thead>
<tbody>
<tr>
<td>COUNTY OF:</td>
<td></td>
</tr>
<tr>
<td>_____________________</td>
<td>being duly sworn, deposes and says</td>
</tr>
<tr>
<td>(he) or (she)</td>
<td></td>
</tr>
<tr>
<td>is the _____________ of ____________________</td>
<td></td>
</tr>
<tr>
<td>the applicant named in the foregoing application, and that the statements made in the application are true and correct</td>
<td></td>
</tr>
<tr>
<td>to the best of (his) knowledge and belief</td>
<td></td>
</tr>
<tr>
<td>_____________________</td>
<td></td>
</tr>
<tr>
<td>(signature)</td>
<td></td>
</tr>
<tr>
<td>Subscribed and sworn to before me this</td>
<td></td>
</tr>
<tr>
<td>_______ day of ________<strong><strong>, 20</strong></strong></td>
<td></td>
</tr>
<tr>
<td>Notary Public</td>
<td></td>
</tr>
<tr>
<td>My Commission Expires: ____________________</td>
<td></td>
</tr>
</tbody>
</table>

affidavit of title (affidavit of ownership)  A written statement made under oath by the seller or the grantor and acknowledged before a notary public in which the grantor (1) identifies herself and indicates marital status; (2) certifies that since the examination of title on the date of the contract there are no judgments, bankruptcies, or divorces against him or her, no unrecorded deeds or contracts, no repairs or improvements that have not been paid for, and no known defects in the title; and (3) certifies that the grantor is in possession of the premises. Customarily used in several states. (See continuation.)

affiliate licensee  The licensee who practices real estate under the guidance of a broker. Depending on state law, affiliate licensees may hold a license as a salesperson or a broker. Because the agency relationship is between the broker and the consumer, affiliate licensees may receive compensation for their real estate activities only from their employing broker, not directly from a consumer. (See associate broker, broker, brokerage.)

affirmation  A declaration as to the truth of a statement. An affirmation is used in lieu of an oath, especially when the affiant or deponent objects to taking an oath for personal or religious reasons. (See affidavit.)
affirmative marketing program A voluntary proactive program designed by the U. S. Department of Housing and Urban Development (HUD) to inform all buyers, including those “least likely to apply,” of homes for sale without discrimination and to provide real estate licensees with procedures and educational materials to assist in compliance with the law. Affirmative marketing requires no specific goals or quotas.

Local associations of REALTORS® can meet with HUD to discuss the National Fair Housing Partnership Resolution to ensure equal opportunity in housing for all. This approach emphasizes flexibility for local participation and community action programs. (See discrimination, federal fair housing law.)

affordability index A standard established by the National Association of REALTORS® to gauge the financial ability of consumers to buy a home. On the index, 100 means that a family earning the national median income has exactly enough money to qualify for a mortgage on a median-priced home. Some economists maintain that every one-point increase in the home mortgage interest rate results in 300,000 fewer home sales.

affordable housing Housing for individuals or families whose income is a certain percentage of or below the median for the area as determined by HUD and adjusted for family size. Affordable housing projects are usually developed in conjunction with governmental assistance and/or as a condition of a development agreement with the appropriate government authority.

The intent of affordable housing projects is to recognize the acute shortage of housing and to provide housing for persons otherwise unable to afford it. An affordable housing unit may be subject to certain conditions, restrictions, and requirements in respect of resale and occupancy requirements.

AFIDA See Agricultural Foreign Investment Disclosure Act (AFIDA).

A-frame construction A type of residential construction in which the exterior design of the building resembles the letter A.

after-acquired Acquired after a certain event takes place. An after-acquired title is obtained by a grantor of property after the grantor has attempted to convey good title. Upon the grantor’s obtaining good title, it will automatically pass by operation of law to the grantee. For example, Smith conveyed his farm to Jones on January 1, 2004, by warranty deed. However, Smith did not have valid title on January 1 because he held title to the property under a forged deed. On March 5, 2005, Smith did receive good title under a properly executed deed, so Jones automatically acquired good title on March 5.

Note that an after-acquired title will not pass to a grantee under a quitclaim deed, because such an instrument only purports to transfer the grantor’s current interest in the land, if any. (See quitclaim deed.)

Fixtures that are bought, paid for, and installed by the property owner-mortgagor are subject to the lien of the mortgage. In addition, many mortgages provide that all fixtures found on the property after the mortgage has been made are subject to the mortgage. The Uniform Commercial Code (UCC) has established guidelines to settle conflicting claims between mortgagees and chattel security claimants involving prior rights to after-acquired property, such as appliances bought on time and installed on the mortgaged premises. Under the UCC, a debtor can grant a superior security interest in such after-acquired property to a chattel mortgagee. (See fixture.)

after-tax income In accounting, the amount left after deducting income tax liability from taxable income. The cash flow from an investment after deducting applicable taxes; also called after-tax cash flow (ATCF).

age, effective (edad de vigencia) See effective age.
age-life depreciation  An appraisal method of computing depreciation based on the condition of a property and its economic life. Under this method, the estimated effective age (based on condition) is added to the estimated remaining economic life of the property. The effective age is then divided by that sum to indicate the total percentage of depreciation. Example: A house has an effective age of ten years and a remaining economic life of 40 years; thus, the depreciation is 20 percent (ten divided by 50).

Agency  A relationship created when one person, the principal, delegates to another, the agent, the right to act on his behalf in business transactions and to exercise some degree of discretion while so acting. An agency gives rise to a fiduciary or statutory relationship and imposes on the agent, as the representative of the principal, certain duties, obligations, and high standards of good faith and loyalty.

A vast body of common and statutory law controls the rights and duties of principal and agent. In addition to this general law of agency, which applies to all business transactions, state real estate licensing laws directly affect the agency relationship among real estate licensees, their clients, and the public. Even though agency law is separate from contract law, the two frequently come together in interpreting relationships between real estate agents and their principals.

Note that the payment of consideration need not be involved in an agency relationship. One may gratuitously undertake to act as an agent and will be held to the standards of agency upon assumption of those duties. (See consideration.)

An agency may be a general agency, as when a principal gives a property manager the power to manage a real estate project on behalf of the principal on a continuing basis, or it may be a special agency, such as the standard listing contract wherein the broker is employed only to find a ready, willing, and able buyer and is neither authorized to sell the property nor to bind the principal to any contract for the sale of the property.

The creation of the agency relationship may be implied from the acts of the parties and does not depend on the existence of a written contract. For example, some states recognize an agency relationship between buyers and the agent with whom they are working, even without a written agreement. Once the agency relationship is created, certain rights and obligations attach to it, making the broker liable for any breaches of duty.

In the typical real estate transaction, the broker who represents the seller is called the listing agent (which includes the associate licensees working for the broker); the broker who works with the buyer is called the selling agent (or cooperating broker or co-broker) and is either the agent of the buyer or, less likely, the subagent of the seller. In some cases, the listing agent is the only broker involved. If the broker also represents the buyer, then the broker may become a dual agent or limited agent. In some states, this relationship defaults to transaction brokerage.

The real estate licensee is generally subject to two distinct areas of liability for breach of fiduciary duties to the principal: (1) The principal can bring civil action against the licensee-agent for money damages. (2) The state licensing authority can bring disciplinary proceedings for violation of its regulations. The state is very protective of the consumer in this area, for the principal is legally bound to the acts and representations of the agent done within the scope of authority.

Under common-law principles, the agent owes the principal personal performance, loyalty, obedience, disclosure of material facts (such as a proposed new school, highway relocation, or new zoning ordinance that would tend to increase the property value over the agreed-on listing price), reasonable care not to exceed the authority granted to the agent or not to misrepresent material facts to the principal or to third parties, proper accounting of all monies, and placement of the principal’s interests above those of the persons dealing with the principal. Note that an agent has expanded
authority in an emergency, including the right to disobey instructions when it is clearly in the best
interests of the principal to do so.
Without the principal’s authorization, an agent cannot disclose to a third party confidential
information or information that hurts the principal’s bargaining position. For example, the fact that
the seller is forced to sell due to job loss, poor health, pending divorce, or that the seller will actually
accept less than the listing price cannot be disclosed without authorization.
In most states, confidential information learned during the course of the agency cannot be used
at a later date against the principal, even after the transaction is closed. This includes financial information used in negotiations involving subsequently listed properties.
Agents are required by law to provide their principals with all material and pertinent facts, but
race, national origin, color, handicap/disability, religion, familial status, and sex are not material facts
and should not be disclosed even at the principal’s request.
Frequently, an agent may secure an offer to purchase from a buyer who agrees to list the buyer’s
own home with the same agent. A prudent broker will disclose this fact to the seller when submitting
the offer; otherwise, the broker may be accused of receiving undisclosed profits.
Various state license laws require additional duties of the agent in a principal/agent relationship.
For instance, an agent must disclose in writing any interest the agent may have in the property, such
as when one of the salespeople or a relative or related corporation submits offers to purchase the
listed property; for example, an agent must disclose that his wife was submitting an offer using her
birth name. An agent may not act for both the seller and the buyer without their written consent, nor
may the agent commingle the principal’s money or other property with his own. A broker may not
advertise property without the specific authorization of the owner. A broker must present all offers to
his or her principal.
Most states have adopted agency disclosure laws requiring the licensee to disclose early in the
transaction whom the licensee represents and to verify this disclosure in writing. States have also
created new terms and definitions of working with consumers, such as “limited agent,” “designated
agent,” “transaction coordinator,” and “facilitator.”
In dealing with third persons (for whom they are not the agent), agents must be honest and must
exercise care and diligence because they are liable for any material misrepresentations or negligent
acts made by the broker. Principals may also be vicariously liable to a third person for all acts that
agents perform within the scope of their employment. Some states have statutorily removed liability
back to the consumer (abrogated vicarious liability).
An agency may be terminated between a principal and an agent at any time, except if the agency
is coupled with an interest. However, if the agency is terminated before the stated expiration date,
there might be a claim for money damages. An agency is terminated by the death or incapacity of
either party (notice of death is not necessary), destruction or condemnation of the property, expiration
of the terms of the agency, mutual agreement, renunciation by the agent or revocation by the
principal, bankruptcy of the principal (because the title of the property is transferred to a receiver),
or completion of the agency. (See agency by ratification, agency coupled with an interest, broker,
buyer’s broker, dual agency [limited agency], implied agency, listing, ostensible agency, respondeat
superior, revocation, scope of authority, subagent, termination of listing, undisclosed agency.)

agency by ratification An agency created “after the fact” by a principal expressly or impliedly
affirming the conduct of a party claiming to act as her agent. There must be some proof that the
principal was aware of the act or acts and either accepted the benefits or elected to be bound by the
agent’s conduct. (See agency.)

agency coupled with an interest An agency relationship in which the agent acquires an estate or
interest in the subject of the agency (the property). Such an agency cannot be revoked by the princi-
air rights

agreed boundaries A doctrine affecting rights of ownership to boundaries. Where there is uncertainty as to the location of the true boundary line between adjoining parcels of land, the landowners can mutually agree and establish a boundary line. If the parties act in conformity with the agreed boundary, then the doctrine of agreed boundaries holds that line to be the legal boundary between the properties.

agreement of sale Terms that transfer ownership from one owner to another. In real estate, the agreement of sale (purchase agreement) includes agreements about price, timing, and interests.

airport zoning Regulations that aim to eliminate potential hazards to aircraft (including electronic interference) by governing land uses, building height, and natural growth in the areas surrounding an airport. (See zoning.)

air rights (derechos aéreos) Rights to the use of the open space or vertical plane above a property. Ownership of land includes the right to all air above the property. Until the advent of the airplane, this right was unlimited, but now the courts permit reasonable interference with one’s air rights, such as is necessary for aircraft, so long as the owner’s right to use and occupy the land is not lessened. Thus, low-flying aircraft might be unreasonably trespassing, and their owners would be liable for any
damages. Governments and airport authorities often purchase air rights adjacent to an airport, called an *aviation easement*, to provide glide patterns for air traffic. (See *aviation easement*, *trespass*.)

The air itself is not real property; airspace, however, is real property when described in three dimensions with reference to a specific parcel of land, as in a condominium unit. (See *real property*.)

A Maryland case has decided that separate owners of the land and the air rights may be separately assessed for tax purposes. Air rights may be sold or leased and buildings constructed thereon, as was done with the Pan Am Building constructed above Grand Central Station in New York City.

Air rights may also be transferred by way of easements, such as those used in constructing elevated highways or in acquiring scenic easements or easements of light and air. Because of the scarcity of land, many developers are examining the possibilities for developing properties in the airspace above prime properties owned by schools, churches, railways, and cemeteries. (See *easement*.)

**air space**

1. Any area between two surfaces, such as the space between two panes of glass for effective insulation
2. In condominium ownership, what is actually owned by the unit owner (in addition to tenancy in common for the common areas). Generally, this includes wall-to-wall and floor-to-floor.

**ALC** See Accredited Land Consultant (ALC).

**ALDA** See American Land Development Association (ALDA).

**aleatory contract** A contract that depends on a contingency or uncertain event, such as a fire insurance contract or a lottery agreement. (See *contract*.)

**alien** A person born outside the jurisdiction of the United States who has not been naturalized under the Constitution and U.S. laws and is not a citizen of the United States. In most states, aliens are allowed to acquire and hold an interest in land, although some states do limit the ability of businesses and nonresident aliens to purchase and hold property. Some of the forms of restraint are limitations on the amount of holdings, restricted use for agricultural or industrial purposes, and identification requirements.

Under the Foreign Investment Real Property Tax Act (FIRPTA), the buyer of real property from a nonresident alien must withhold up to 10 percent of the sales price and direct that money to the U.S. Treasury to be used to offset any tax liability of the alien. (See *Agricultural Foreign Investment Disclosure Act* [AFIDA], *Foreign Investment in Real Property Tax Act* [FIRPTA].)

**alienation** (*enajenación*) The act of transferring ownership, title, or an interest or estate in real property from one person to another. Property is usually sold or conveyed by voluntary alienation, as with a deed or an assignment of lease. Involuntary alienation takes place when property is sold against the owner’s will, as in a foreclosure sale or a tax sale. Unreasonable restraints on alienation may be held void. (See *deed*, *due-on-sale clause*, *foreclosure*, *restraint on alienation*, *title*.)

**alienation clause** (*cláusula de enajenación*) A provision sometimes found in a promissory note or mortgage that provides that the balance of the secured debt becomes immediately due and payable at the option of the mortgagee upon the alienation of the property by the mortgagor. Alienation is usually broadly defined to include any transfer of ownership, title, or an interest or estate in real property, including a sale by way of a contract for deed. Also called a *due-on-sale clause*. (See *acceleration clause*, *assignment*, *due-on-sale clause*.)

**aliquot** A fractional section ownership used in U.S. public land states. The aliquot specifies the specific parcel within the section, township, and range. Aliquot descriptions are popular in Alaska.
**all-inclusive deed of trust**  A purchase-money deed of trust subordinate to, but still including, the original encumbrance or encumbrances. It is similar to a wraparound mortgage, except that a deed of trust is used rather than a mortgage. (See wraparound mortgage.)

**allocation method** (método de asignación)  See abstraction.

**allodial system** (sistema alodial)  An estate holding the potential of existing indefinitely, with free and full ownership of rights in land by individuals, which is the basis of real property law in the United States. By contrast, under the feudal system, ownership of land was vested in the king or sovereign who then allotted select land to his noblemen, chiefs, and others. Such allotments were revocable and represented only the right to use the land. (See real property.)

**allonge**  A piece of paper annexed to a promissory note for the purpose of writing endorsements; sometimes used when notes are assigned to an investor.

**allotment**  The funds allocated for the purchase of mortgages within a specified time by a permanent investor with whom a mortgage loan originator has a relationship but not a specific contract in the form of a commitment. The allotment may state the investor’s requirements as to processing, loan terms, and/or underwriting standards. (See secondary mortgage market.)

**all-risks policy**  Previously, a term used to describe a homeowner’s insurance policy. The policy never covered all risks, and the industry now uses the term Special Form. The HO-3 homeowners’ policy is a special form coverage on the dwelling and named peril on the contents.

**alluvion**  The material that constitutes the increase of soil on a shore or riverbank, added by the process of accretion. Also called alluvium or alluvial deposits, it is the fine material, such as sand or mud, carried by water and deposited on land. The words alluvion and accretion are sometimes mistakenly used synonymously. (See accretion, erosion.)

**alluvium**  See alluvion.

**ALTA**  See American Land Title Association (ALTA) in Appendix A.


**alternative mortgage instrument**  A type of mortgage that differs from the standard fixed mort-gage in the interest, repayment terms, or the periodic payments. Some examples are the variable-rate mortgage, graduated-payment mortgage, renegotiable-rate mortgage, the adjustable-rate loan, the pledged account mortgage, the reverse annuity mortgage, and the shared appreciation mortgage.

**ambient air**  Any unconfined portion of the atmosphere; the outside air. Federal clean air laws set standards for ambient air.

**amenities**  Features, both tangible and intangible, that enhance and add to the value or desirability of real estate. In a condominium community, for example, common amenities include a swimming pool, clubhouse, and a good view. (See intrinsic value, value.)

**American Institute of Real Estate Appraisers (AIREA)**  See Appendix A.

**American Land Development Association (ALDA)**  See Appendix A.

**American Land Title Association (ALTA)**  See Appendix A.

**American National Standards Institute (ANSI)**  See Appendix A.

**American Society for Industrial Security**  See Appendix A.

**American Society of Appraisers (ASA)**  See Appendix A.

**American Society of Farm Managers and Rural Appraisers**  See Appendix A.

**American Society of Home Inspectors (ASHI)**  See Appendix A.
Americans with Disabilities Act (ADA)  

*See Appendix A.*

A federal law, effective in 1992, designed to eliminate discrimination against individuals with disabilities by mandating equal access to jobs, public accommodations, government services, public transportation, and telecommunications.

ADA prohibits discrimination due to a disability in the full and equal enjoyment of goods and services provided by a place of “public accommodation,” including hotels, shopping centers, and professional offices, and applies to private entities that own, lease, or operate virtually all commercial facilities. Exempted are private clubs and religious organizations.

ADA prohibits employers from discriminating against qualified individuals with disabilities (for example, a physical or mental impairment that substantially limits one or more major life activities). This proscription also includes persons thought to have an impairment, such as disfiguration due to an accident. Employers of a minimum number of employees must make reasonable accommodations to the job or work environment so as to enable a qualified person with a disability to perform the functions of that employment position. Examples include schedule modifications, special equipment, reserved accessible parking spaces, and access to rest rooms.

Specific requirements include removal of architectural and communication barriers (if such removal is “readily achievable”) in existing privately owned places of public accommodation.

Legal remedies include private civil action to obtain corrective action in providing auxiliary aids or facility alteration. ADA encourages the use of alternative dispute resolution including settlement, mediation, and arbitration. Courts may assess a civil penalty against an entity found to be in non-compliance with the act. Fines are assessed in an amount not exceeding $55,000 for a first violation and in an amount not exceeding $110,000 for any subsequent violation.

Real estate brokers, salespersons, and appraisers need to evaluate the possible application of ADA to their practice. In particular, brokers and salespersons should alert their commercial real estate and investor clients to the existence of ADA, to the need to have leases reviewed by knowledgeable counsel, and to the advisability of having offices inspected by a knowledgeable architect to ascertain whether they are ADA-compliant. Because of the potential liability to fee appraisers under ADA, real estate appraisers may need to insert a limiting condition in their appraisal reports.  

*(See disability.)*

**amicus curiae**  
Latin for “friend of the court.” Amici curiae who are not parties to a lawsuit but are interested in the outcome may be permitted to file legal briefs (called *amicus curiae briefs*) with the court.

**AMO**  
*See Accredited Management Organization (AMO).*

**amortization**  
(*amortización*)  
Self-liquidating (literally, “killing-off”). The gradual repayment or retiring of a debt by means of systematic payments of principal and/or interest over a set period, so that a zero balance remains at the end of the period. The principal is thus directly reduced or amortized over the life of the loan (hence the term *direct reduction loan*).

Before the many realty foreclosures during the 1930s depression, most mortgages were straight loans payable at interest only for five years, with the entire principal due at maturity. Savings and loan associations were the leaders in introducing amortized loans for residences. The standards set by the Federal Housing Administration were also influential in switching to the long-term amortized loan.

Most pre-1980 mortgages are fully amortized (i.e., self-liquidating) and are paid in equal monthly installments, which include interest and amortization of principal. The interest is set at a
predetermined percentage rate and is charged only on the unpaid balance. As the payments are made, the amount allocated to interest decreases while that applied to reduction of principal increases.

Example: Mr. Shaw obtains a new mortgage of $100,000, amortized over a 30-year period at 4 percent interest. Based on amortization tables, the monthly mortgage payment is $4,77.42. If Shaw continues to make this monthly payment for 30 years, at the end of that period, the mortgage will have been repaid in full, including interest. At the beginning of the loan period, the monthly payment will go primarily to the payment of interest, with only a small amount going toward the principal. The first monthly payment on his $100,000 loan includes $333.33 of interest and $144.08 of principal. As the principal amount is reduced, the interest is calculated on a progressively lower amount, the monthly payment of interest decreases, and the balance credited toward principal increases. After 228 monthly payments (19 years), the loan balance has been reduced to $50,915. The interest payment will be only $170.74, while the principal payment will have increased to $306.68. At the end of 30 years, Shaw will have paid a total of $171,869.51 to pay back his original $100,000 loan.

An extended-term amortized loan, or balloon mortgage, is often used in contracts for deed and in commercial and industrial real estate loans with very stable and secure tenants. The amortized payments are based on a payment schedule that is longer than the actual term of the loan. (See balloon payment.)

Due to the effects of inflation and deregulation, most lenders in the 1980s used alternative mortgage instruments to avoid getting locked into fixed-rate amortized loans for long periods. (See alternative mortgage instrument, negative amortization.)

amortization schedule A table showing the amounts of principal and interest due at regular intervals and the unpaid balance of the loan after each payment is made. An example of a 9 percent amortization table used for a second mortgage is shown here. (See constant.)

<table>
<thead>
<tr>
<th>Amount</th>
<th>5</th>
<th>10</th>
<th>15</th>
<th>20</th>
<th>25</th>
<th>30</th>
<th>35</th>
</tr>
</thead>
<tbody>
<tr>
<td>$90,000</td>
<td>$1,657.49</td>
<td>$911.21</td>
<td>$665.75</td>
<td>$545.38</td>
<td>$475.05</td>
<td>$429.67</td>
<td>$398.50</td>
</tr>
<tr>
<td>$100,000</td>
<td>$1,841.65</td>
<td>$1,012.45</td>
<td>$739.69</td>
<td>$605.98</td>
<td>$527.84</td>
<td>$477.42</td>
<td>$442.77</td>
</tr>
<tr>
<td>$110,000</td>
<td>$2,025.82</td>
<td>$1,113.70</td>
<td>$813.66</td>
<td>$666.58</td>
<td>$580.62</td>
<td>$525.16</td>
<td>$487.05</td>
</tr>
</tbody>
</table>

anaconda mortgage A mortgage containing a clause, sometimes called a dragnet clause or Mother Hubbard clause, stating that the mortgage secures all debts of the mortgagor that shall at any time be due and owing to the mortgagee. Because the mortgagee could acquire all mortgagor debts at substantial discounts and then enforce them by threat of foreclosure, the courts regard such clauses with disfavor. The unsuspecting debtor becomes “enwrapped in the folds of indebtedness”—thus the name anaconda.

Most courts require some relationship between the two debts as well as some specific reference in the second loan agreement to the earlier anaconda clause. Also, if the second debt is secured by its own collateral, the anaconda clause usually will not apply. (See additional charge mortgage, mortgage.)

ancestor A person from whom one lineally descends (such as a father or grandmother) and from whom land is lawfully inherited. Under some state discrimination laws, it is unlawful to discriminate on the grounds of a person’s ancestry. Under the federal fair housing law, it is unlawful to discriminate on the basis of a person’s national origin. (See collateral heirs, descent.)

anchor bolt A bolt that secures the sill of the house to the foundation wall.
anchor tenant  A major department or chain store strategically located at a shopping center so as to give maximum exposure to smaller, satellite stores. An anchor tenant is called a magnet store or a traffic generator. In the typical strip shopping center, two anchor stores, such as a supermarket and a large drugstore, are located at opposite ends of a mall, with smaller stores in between. This helps to generate maximum sales volume in the entire shopping center. This strategy is important to the lessor because most commercial lease rents are based on a percentage of gross sales.

In recent years, the Federal Trade Commission has sought to limit the powers of the anchor tenant in controlling the selection of satellite tenants and their merchandise. (See percentage lease, shopping center.)

ancient lights doctrine  This legal principle of early English common law prevented an adjoining owner from construction that would block off the light admitted into a neighbor’s window. This ancient lights principle has not been accepted by modern U.S. courts, although the courts are starting to refer to it as they develop new laws regarding solar easements.

angle  A measure of rotation around a point, generally used in surveys to show the relationship of one line to another. Usually, angles are measured in a clockwise direction and in degrees—360 degrees to a full circle or one full rotation back to the point of beginning. Each degree is broken down into 60 minutes, and each minute into 60 seconds. For example, the direction of a line may be written as North 42° 20’ 15” easterly. This line would be located using north as the line of reference and measuring an angle 40 degrees, 20 minutes, and 15 seconds clockwise from north to east.

Reference lines can be north or south. Angles can be east or west of the reference line. (See azimuth, degree.)

annexation  An addition to property by the act of joining or uniting one thing to another, as in attaching personal property to real property and thereby creating a fixture. For example, a sink becomes a fixture when it is annexed to the plumbing outlet. (See fixture.)

annual constant  See constant.

annual debt service  The amount of money required on an annual basis for payment of interest and principal on all security interests on the real property (for example, mortgages, deeds of trust, and contracts for deed); also called debt service coverage.

Note that many real estate lenders are more concerned with the ratio between net operating income and annual debt service than they are with the loan-to-value ratio. (See amortization, constant, loan-to-value [LTV] ratio, qualification.)
annual exclusion for gift tax  An amount of gift income that the donor may exclude from gift taxation. In 2012, each person is entitled to an annual gift tax exclusion of $13,000 per donee. Thus, a mother could make six $13,000 gifts to six different children in one year (a total of $78,000), no part of which would be subject to the gift tax. She could repeat the process every year. Her husband could give an additional $13,000 per donee per year. (See gift tax.)

annual meeting  A yearly meeting of shareholders of a corporation or members of an association held for the purpose of permitting them to vote on the election of directors and various other matters of corporate or association business. Absent shareholders may vote by proxy.
A condominium association or cooperative society usually has an annual meeting in addition to special meetings throughout the year. (See proxy.)

annual mortgagor statement  A report by the lender or servicing agent to the mortgagor detailing what taxes and interest were paid during the year and how much principal balance remains.

annual percentage rate (APR)  An expression of the relationship of the total finance charge to the total amount to be financed as required under the federal Truth in Lending Act. Tables available from any Federal Reserve banks may be used to compute the rate, which must be calculated to the nearest one-eighth of 1 percent. Use of the APR permits a standard expression of credit costs, which facilitates easy comparison of lenders. (The act permits use of the abbreviation APR.) (See interest, Truth in Lending Act.)

annual report  A statement of the financial status and progress of a corporation during its previous fiscal year, usually containing a balance sheet, operating statement and auditor’s report. It is presented to the corporate stockholders before the annual stockholders’ meeting. If a security is registered with the Securities and Exchange Commission (SEC), an SEC annual report must be filed.

annuity  A sum of money received by the annuitant at fixed intervals as one of a series of periodic payments. Real property is sometimes traded or exchanged for a private annuity. The distinguishing characteristic of an annuity transaction is that the annuitant has an interest only in the payments themselves, not in any principal fund or source from which they may be derived. The buyer pays for the property by guaranteeing a monthly income to the seller for the seller’s remaining life. The payments are determined by reference to standard annuity tables. Properly structured, a private annuity transaction involving the transfer of realty to another member of an annuitant’s family can produce savings in estate, income, and gift taxes.
The proper use of annuity tables, such as the Inwood tables, provides a factor to be multiplied by the desired yearly income to estimate the present worth of an investment (what amount the investor should pay to acquire the property).

antenuptial agreement  A contract entered into by two people contemplating marriage for the purpose of settling the property rights of both in advance, also called a prenuptial ("prenup"). It is advisable for each person to have his own legal counsel to negotiate such a contract. The enforceability of an antenuptial (or prenuptial) agreement may depend on the completeness of disclosure and the existence of independent counsel for each party. (See jointure.)

antiassignment clause  See assignment.

antichurning provisions  See churning.

anticipatory breach  A declaration of intention not to perform made by a buyer or a seller through words or acts prior to closing. At that time, the other party, not being in default, is entitled to enforce the contract in court without first having to offer or tender performance. (See contract, contract of sale, tender.)

antideficiency legislation  See deficiency judgment.
antidiscrimination laws  See discrimination, federal fair housing law.

antifraud provisions  The provisions in federal and state securities laws that make it unlawful for any person, in connection with the offer, sale, or purchase of any security, to directly or indirectly employ any device, scheme, or artifice to defraud; to make any untrue statement of a material fact or to omit a material fact, which omission makes a statement misleading; or to engage in any act, practice, or course of business that operates or would operate as a fraud or deceit upon any person.

The federal antifraud provisions are covered under Rule 10-B5 of the Securities Exchange Act of 1934 and come into play when there is minimal contact with interstate commerce in the offer of the security, such as when the U.S. mail is used. Note that, even though the offer of a security may be exempt from the registration requirement under the private offering exemption, the intrastate offering exemption, or the Regulation A exemption of the federal laws, the offer is still subject to the antifraud provisions of the Securities Exchange Act of 1934 and the licensing requirements.

Purchasers of securities who are injured by any violation of the antifraud provision may sue for rescission of the contract and recover the amount paid for the security plus interest from the date the security was purchased. (See intrastate exemption, private offering, Regulation A, rescission, Rule 10-B5, security.)

antitrust laws  (leyes antimonopolios)  State and federal laws designed to maintain and preserve business competition.

Antitrust situations include price-fixing, certain types of boycotts, allocation of customers or markets, restrictions on competition in shopping center leases, and certain restraints placed on franchisees by franchisors. Also challenged are certain “tie-in” arrangements, as when a developer conditions a sale by insisting that the buyer promise to list the property with the developer if the buyer wishes to resell, or when a property manager attempts to force a client’s commitment to list with the manager in the event of sale.

Certain real estate brokerage activities have come under public scrutiny by the Federal Trade Commission and the Department of Justice. These activities include the fixing of general commission rates by local boards or groups of brokers and the exclusion of brokers from membership in local boards or in multiple-listing arrangements due to unreasonable membership requirements. As a result of court cases, local real estate boards no longer directly or indirectly influence fixed commission rates or commission splits between cooperating brokers. Moreover, in some states, clients must be specifically informed that the commission rates are negotiable between client and broker. (See Clayton Antitrust Act, Sherman Antitrust Act.)

apartment building  A building having separate units for permanent tenants who rent or lease them. The owner of the building provides common facilities, such as lights, heat, elevator, and garbage disposal services, and maintains common entrances and hallways.

apostille  A certificate issued by an authority appointed for such purpose by a foreign nation. The apostille takes the place of diplomatic or consular acknowledgment of a document pursuant to the Hague “Convention Abolishing the Requirement for the Legislation for Foreign Public Documents.” (See acknowledgment.)

appeal  (apelación)

1. The process under law of taking a case decision to a higher court to seek review, reversal, or retrial of the case. The party making the appeal is the appellant; the other party is the appellee.

2. The legal process by which a property owner may challenge a property tax assessment. In most states, the opportunity to do so is very strictly limited.
appointments  Furnishings, fixtures, or equipment found in a home, office, or other building. These items may either enhance or detract from the intrinsic value of the property.

apportionment  
1. The division or partition of property into proportionate (though not necessarily equal) parts.  
   For example, tenants in common might seek partition of a property.  
2. The pro rata division of real estate carrying charges between buyer and seller at closing.  
   (See carrying charges, prorate.)

appraisal (aválúo)  The process of developing and communicating an opinion about a property’s value. An appraisal is usually required when real property is sold, financed, condemned, taxed, insured, or partitioned. Note that an appraisal is an estimate, not a determination, of value. An appraisal may be in the form of a lengthy written report, a completed preprinted form, a simple letter, or even an oral report.

Three approaches are used to estimate market value of a property: the direct sales comparison approach, the cost approach, and the income approach.

The direct sales comparison approach is a comparative analysis of recent sales prices of similar properties, after adjusting for seller concessions, time, financing, and any differences in the properties. This approach, formerly called the market-data approach, is used most frequently by real estate brokers in the valuation of residences and is the approach usually preferred in court.

The cost approach is an estimated value based on the reproduction or replacement cost of the improvements, less depreciation, plus the value of the land (land value being usually determined by the direct sales comparison approach). The cost approach is most useful in appraising new or proposed construction, as well as service properties such as churches and post offices. (See depreciation [appraisal].)

The income approach is an estimated value based on the capitalization of net operating income from a property at an acceptable market rate. Often referred to as the income capitalization approach, it is most useful in appraising investment properties such as apartment buildings, office buildings, and shopping centers.

In most appraisals, the appraiser reconciles (correlates) the indication of value by each of the three approaches. The appraiser considers the definition of value, the purpose of the appraisal, the type of property and the adequacy of the compiled data to determine the relative weight (if any) to be given to each approach in reaching a final estimate of value. Moreover, in that each method is based on data obtained from the market, the three approaches serve as checks on each other.

When an independent appraisal is necessary, most lending institutions require the services of a state-licensed or state-certified appraiser and that the appraisals conform to the Uniform Standards of Professional Appraisal Practice. (See appraiser, before-and-after method, concession, cost approach, direct sales comparison approach, engineering breakdown method, income approach.)

Appraisal Foundation, The  See Appendix A.

Appraisal Institute  See Appendix A.

Appraisal Institute of Canada  See Appendix A.

appraisal report  A report that contains the definition of value to be applied; the estimate and effective date of the valuation; the appraiser’s signature and certifications, along with any limiting conditions; description of the property and rights being appraised; general and specific data; sufficient justification to support the value estimate; consideration of each of the three approaches; and the reconciliation. It is common for the report to include such supporting documentation as maps, floor plans, and photos.
Appraiser (valuador, tasador) One who estimates value. Not only must appraisers possess the necessary qualifications, ability, education, and experience to conduct an appraisal of real or personal property, they must be state-certified or state-licensed to appraise property that involves a federally insured or regulated agency.

Appraisers may be independent contractors or employed by the government, lending institutions, or trust companies. An appraiser’s fees are typically based on time and expenses; fees are never based on a percentage of the appraised value.

While mathematics is a helpful tool in making an appraisal, the final opinion of value is based primarily on the experience and training of the particular appraiser.

Appraiser independence requirements (AIR) Established standards that provide protections for mortgage investors, homebuyers, and the housing market by ensuring that appraisals are conducted without pressure from lenders and real estate agents to manipulate property values. Required by Subtitle F of the Dodd-Frank Act, the standards were developed by Fannie Mae, the Federal Housing Finance Agency (FHFA), Freddie Mac, and key industry participants to replace the Home Valuation Code of Conduct (HVCC). The standards apply to all loans of one-to-four unit properties, except for loans that are insured or guaranteed by a federal agency, such as FHA and VA loans. At a minimum, the appraiser must be licensed or certified by the state in which the property is located. Lenders may order appraisals directly from an individual appraiser and not go through an appraisal management company.

Appreciation A temporary or permanent increase in the worth or value of property due to economic causes; the opposite of depreciation.

Appropriation
1. The act of selecting or setting apart land for a particular public use or purpose, such as a public park or school; also called dedication. (See dedication.)
2. The taking of a public thing for a private use (the opposite of condemnation), as in the taking of water from a natural stream for private use, which in some states is sufficient to establish a prior right against other owners to the continued use of that water. (See eminent domain.)
3. Legislatively designating funds for a public project.

Appropriative water right See correlative water right.

Appurtenance That, which belongs to something, but not for all time; all those rights, privileges, and improvements that belong to and pass with the transfer of property but are not necessarily a part of the actual property. Appurtenances to real property pass with the real property to which they are appurtenant unless a contrary intention is manifested. A deed normally describes the property granted and then states, “together with all appurtenances.” Typical appurtenances are rights-of-way, easements, water rights, condominium parking stalls, and property improvements. (See run with the land.)

Appurtenant Belonging to; adjunctive; appended; or annexed to. For example, the garage is appurtenant to the house, and the common interest in the common elements of a condominium is appurtenant to each apartment. Appurtenant items run with the land when the property is transferred. (See limited common elements.)

ARA See Accredited Rural Appraiser (ARA).

Arbitrage
1. The spread, or difference, between interest rates; a common item in all-inclusive or wrap-around mortgage financing. Example: Joe Smith sells his parcel to Mary Jones for $10,000 by way of a purchase-money mortgage at 12 percent. Mary Jones then sells the parcel to
Susan Brown under a wraparound mortgage at 12.5 percent. Mary Jones uses the monthly payments to pay her debt to Mr. Smith, and the 0.5 percent arbitrage is considered income to Mary Jones. (See wraparound mortgage.)

2. The simultaneous purchase and sale of mortgages or mortgage-backed securities in different markets to profit from price differentials. (See secondary mortgage market.)

**arbitration (arbitraje)** The nonjudicial submission of a controversy to selected third parties for their determination in a manner provided by agreement or by law. Disputes between listing REALTORS® and cooperating REALTORS® are often settled by arbitration, with both parties agreeing to comply with the final decision of the arbitrator.

Many disputes are settled according to detailed rules established by the American Arbitration Association. (See Appendix A.) The prime feature of a binding arbitration is that it is fast and final, as well as the fact that the findings remain “private.” (See mediation.)

**arcade (galería)**
1. A series of open or closed arches on the same plane.
2. A walkway or passageway with an arched roof, frequently with shops along one or both sides.
3. A passageway open on the street side, usually colonnaded.
4. A colonnaded sidewalk.

**architectural drawings** Data prepared or assembled by an architect that form part of a proposal or part of contract documents. The data may include plot plans, floor plans, elevations, or sections; usually, however, they do not include mechanical, electrical, or structural plans or other specialized data furnished by consultants to the architect. (See working drawings.)

**architecture**
1. The science and art of structural design.
2. The style in which a building is designed and built.

**are** One hundred square meters. (See hectare.)

**area (área)** A parcel of land assumed to be level and at sea level. These assumptions are used to obtain consistent descriptions of land. Thus, the land surface of a ten-acre sloping parcel actually contains more usable square feet than a ten-acre level parcel, although the legal descriptions of both parcels are the same. (See legal description.)

The area of a house includes through the outside walls to the main flat surface of exterior brick or wood siding and to the least thickness of shakes and shingles. The total living area often includes stairways, porches, utility rooms, common walls, servants’ quarters, and garage apartments that are separate units.

**area management broker (AMB)** Property managers who work directly for the Federal Housing Administration in the field of subsidized housing. Their principal duties include taking over the property, preparing repair specifications, soliciting repair bids from contractors, coordinating and inspecting repair work, supervising maintenance and security, and submitting financial reports.

**area regulations** The part of the zoning and building ordinances that regulates the positioning of improvements on the land, such as setbacks for the rear and sidelines.

ARELLO See Association of Real Estate License Law Officials (ARELLO) in Appendix A.

ARM See Accredited Resident Manager, adjustable-rate loan.

**arm’s-length transaction (transacción donde se guarda distancia)** A transaction in which the parties are dealing from equal bargaining positions. Parties are said to deal “at arm’s length” when each stands on the strict letter of her rights and conducts the business in a formal manner without
arranger of credit

trusting the other’s fairness or integrity and without being subject to the other’s control or dominant influence (as is sometimes the case in transactions between family members). The absence of an arm’s-length transaction may give rise to tax consequences when property is transferred at less than fair market value. Whether a transaction was at arm’s length is also relevant to the “willing-buyer, willing-seller” concept in the estimation of market value.

arranger of credit  As defined under the federal Truth in Lending Act, a person who regularly arranges for the extension of consumer credit by another person if a finance charge will be imposed, if there are to be more than four installments, and if the person extending the credit is not a creditor. At present, the term does not include a real estate broker who arranges seller financing of a dwelling or real property.

arrears

1. The state of being delinquent in paying a debt.
2. At or after the end of the period for which expenses are due or levied; the opposite of in advance. Mortgage interest and real estate taxes are often paid in arrears.

artesian well  A hole dug deeply into the ground so that the internal pressure forces the water to the surface.

articles of agreement for deed  See contract for deed.

articles of association  See articles of incorporation.

articles of incorporation  The document that sets forth the purposes, powers, and basic rules of operation for a corporation. Also called articles of association. (See bylaws, corporation.)

asbestos (asbesto)  A mineral fiber found in rocks. Asbestos fibers are fire resistant and not easily destroyed or degraded by natural processes. Asbestos has been used in a wide variety of household products, such as appliances, ceilings, wall and pipe coverings, floor tiles, roofing, and siding materials. The Environmental Protection Agency (EPA) reports that, according to studies of workers and others exposed to asbestos, the fiber has been found to cause lung and stomach cancer. Real estate salespeople, especially those in commercial sales, must reveal to the prospective buyer the known presence of asbestos on the property. Removal or containment of asbestos usually requires the use of specially licensed asbestos abatement contractors. (See abatement, asbestos-containing materials [ACMs].)

asbestos-containing materials (ACMs)  A combination of asbestos and other materials; ACMs are either nonfriable (sheathed and/or crumbling) or friable, easily crumbled by hand pressure. Friable ACM is generally considered more dangerous because the asbestos particles can be loosened and become airborne.

as-built drawings  Architectural drawings showing the precise method of construction and the location for the installation of equipment and utility lines. As-built drawings are usually prepared by an architect with the cooperation of the general contractor to the project.

ash dump  A container under a fireplace where ashes are temporarily deposited. Ashes can be removed later through a cleanout door.

“as is”  Words in a contract intended to signify that the seller offers the property in its present condition, with no modifications or improvement, and is usually intended to be a disclaimer of warranties or representations. The recent trend in the courts is to favor consumers by preventing sellers from using as-is wording in a contract to shield themselves from possible fraud charges brought on by neglecting to disclose known material defects in the property.

Even though an as-is clause may give some protection to the seller from unknown defects, the clause is inoperative when the seller actively misrepresents the condition of the property. It does not
shield the seller who fails to disclose a readily observable defect, basically saying, “You take it as you see it.” The idea is that the buyer takes the visible condition into account when making an offer and setting the purchase price. Therefore, if a buyer should be expected to discover a defect upon a reasonable inspection, the buyer will be charged with notice; otherwise, the broker and/or seller have the affirmative duty to inform the buyer of the defect, preferably in writing.

Sellers can protect themselves by being specific in the contract, for example, about recurring plumbing problems, a cracked foundation, leaky roof, den built without a building permit, all in as-is condition. If, for example, the roof defect was not obvious and the buyer did not know of this material defect but the seller did know, then a general as-is clause is probably worthless.

Many contracts contain standard language that must be evaluated in light of an as-is clause. For example, the seller may still be required to provide a pest control report even though the property is sold as is. In such a case, the seller may want to affirmatively delete the standard termite clause.

Also, “as is” does not normally cover title or encroachment matters unless specifically noted.

Even where an as-is clause can protect a seller, many courts hold that a broker cannot use the as-is clause to avoid liability for misrepresentation because the broker is not a party to the contract in which the as-is clause is contained.

In appraisals, “as is” is an indication that the value estimate is made with the property in its current condition, which may not be the highest and best use or may not include needed repairs. (See caveat emptor, highest and best use.)

**asking price** *(precio demandado)* The listed price of a parcel of real estate—the price at which it is offered to the public by the seller or the broker. An asking price differs from a firm price in that it implies some degree of flexibility in negotiation. For this reason, some sellers object to their listing broker using the phrase “asking price” in advertising the property.

**assemblage** The combining of two or more adjoining lots into one large tract. This is usually done to increase the value of the individual lots because a larger building capable of producing a larger net return may be erected on the larger parcel. The resulting added value is called plottage value. The developer often makes use of option contracts to tie up the right to purchase the desired adjacent parcels. Care must be taken through exact surveys to avoid the creation of gaps or strips between the acquired parcels through faulty legal descriptions. (See plottage value.)

**assessed valuation** The value of real property established for the purpose of computing real property taxes. In general, property is valued or assessed for tax purposes by county and township assessors. The land is usually appraised separately from the building, and the building value is usually determined from a manual or set of rules covering unit cost prices and rates of depreciation, although some states require assessments to be a certain percentage of true or market value (assessment ratio). State laws may provide for property to be reassessed periodically. Each taxing district has its own methods for constantly updating assessments, although most use a combination of building permit records, on-site inspections, and conveyance tax records. Generally, property owners claiming that errors were made in determining the assessed value of their property may present their objections to the local boards of appeal or boards of equalization. (See property tax, tax rate.)

**assessment** *(tasación)*

1. An official valuation of real property for tax purposes based on appraisals by local government officials; the term is synonymous with assessed value. Sales prices of comparable land are used to estimate land values, whereas building values are based on an amount representing the improvement’s replacement cost less depreciation.

2. The allocation of the proportionate individual share of a common expense, as when the owners of condominium or cooperative units are assessed for their proportionate share of unusual
assessment rolls

maintenance expenses for the buildings that benefit the project as a whole and are not funded through regular maintenance charges.

3. A specific levy for a definite purpose, such as adding curbs or sewers in a neighborhood. (See impact fees, special assessment.)

4. An official determination of the just compensation to be paid a property owner for the taking of his or her property for a public purpose (condemnation).

5. An additional capital contribution of corporate shareholders or members of a partnership or association to cover a capital expenditure.

assessment rolls Public records of the assessed values of all lands and buildings within a specific area. Thus, owners can compare their property’s assessed valuation with that of similar properties and appeal if they feel their property was overassessed.

assessment-roll spread See special assessment.

assessor A public official who appraises property for tax purposes. The official determines only the assessed value, not the tax rate.

asset Something of value owned by a person; a useful item of property. Assets are either financial (cash or bonds), tangible or intangible, or physical (real or personal property). Accountants analyze financial balance sheets made up of assets and liabilities to determine net worth, which is the difference between the two. (See property, quick assets, wasting asset.)

asset depreciation range system (ADR) The part of the Internal Revenue Service regulations covering guidelines and standards for determining the period over which to depreciate an asset. The ADR gives the taxpayer a choice of depreciating the property over a shorter or longer life than the guideline period. (See accelerated cost recovery system [ACRS], modified accelerated cost recovery system [MARCS], declining balance method, straight-line-method.)

assignment The transfer of the right, title, and interest in the property of one person (the assignor) to another (the assignee). There are assignments of, among other things, mortgages, sales contracts, contracts for deed, leases, and options.

Most contracts consist of rights and duties that, unless they are personal, can normally be delegated or assigned. For example, a listing contract creating an agency relationship is personal in nature and, therefore, the listing broker cannot assign the contract to another broker without the principal’s consent. On the other hand, the duty to pay rent is not personal and normally can be assigned. Unless restricted by the contract language, real estate contracts are usually assignable. Some sellers specifically prohibit the assignment of the sales contract; they do not want the buyers “trading on the equity,” especially when there is a long closing period.

In any assignment, the assignee becomes primarily liable, and the assignor remains secondarily liable as surety, unless there is a novation agreement relieving the assignor from liability. The assignee acquires the same title, right, and interest in the particular contract that the assignor had.

An attempted assignment of a mortgage lien without the promissory note transfers nothing to the assignee, but the assignment of the note without the mortgage gives the assignee the right to the security. If an assignment of a mortgage or trust deed (deed of trust) is recorded, constructive notice is given to all persons as to that assignment. The mortgagor must then pay the assignee and is unprotected if payments are inadvertently made to the assignor (the original mortgagee).

Many contracts for deed contain language that buyers may not assign their interest in the contract without the prior written approval of the seller, although an assignment in violation of this provision is nevertheless valid between the assignor and assignee. When the seller wants an antiassignment clause, the prudent buyer should require in the sales contract that the contract for deed contain language to the effect that the seller’s consent to a proposed assignment shall not be unreasonably withheld.
Mortgagees frequently use nonassignment clauses in mortgages to limit assignment of the obligation—this may be a factor in determining whether the seller should use a land contract or a purchase-money mortgage. A prohibition against assignment of a contract does not prevent the assignment of a claim for damages caused by a breach of the contract, nor does it prevent assignment of the right to receive money payments due (or that will become due) under the contract. The prohibition is for the benefit of the vendor (seller, lender), who can waive it expressly or by conduct (such as by accepting payments direct from the assignee).

When purchasing property subject to existing leases, the purchaser should obtain a written assignment of the seller’s interest in those leases in recordable form.

With most leases, the tenant may sublet or assign the lease without the landlord’s approval unless otherwise provided in the written rental agreement. The important distinction between an assignment and a sublease, from the landlord’s viewpoint, is that the landlord cannot directly sue the sublessee, whereas it is possible to sue the assignee. (See assignment of lease, estoppel, novation, option, sublease.)

**assignment of lease** The transfer of all title, right, and interest that a lessee possesses in certain real property. The document used to convey a leasehold estate is called an assignment of lease rather than a deed.

The assignee of a lease is liable on the basis of the assignee’s holding the land, legally known as privity of estate. The assignor is liable on the basis of privity of contract with the landlord.

If a lease has an assignment clause requiring the consent of the landlord, the landlord may not unreasonably or arbitrarily withhold consent. An assignment of a lease in violation of an antiaignment restriction is not void but is voidable at the lessor’s discretion. Such an assignment is good between assignor and assignee. The issue that it is invalid on the basis of a lack of lessor’s approval can be raised only by the lessor.

A lender may condition the loan for the leased premises on obtaining assignment of leases as collateral. The assignment may even permit the lessor to collect the rental payments.

**assignment of rents** An agreement between a property owner and a mortgagee by which the mortgagee receives, as security, the right to collect rents from the mortgagor’s tenants, although the mortgagor continues to have the sole obligation to the tenants under the lease. (See foreclosure.)

**associate broker** A real estate license classification used in some states to describe a person who has qualified as a real estate broker but still works for and is supervised by another broker; also called a broker-salesperson(s), broker-associate, or affiliate broker.

**associate licensee** Another name for a licensed real estate salesperson, also known as affiliate licensee. (See salesperson[s].)

**association** A group of people gathered together for a business purpose, sometimes treated as a corporation under tax law. If a partnership or limited partnership agreement is poorly drafted, the Internal Revenue Service (IRS) may attempt to treat the partnership as an association taxable as a corporation. The IRS uses the following test: If the organization has more corporate than noncorporate characteristics, it will be taxable as a corporation, with the resulting unfavorable tax features. The four major corporate characteristics generally are continuity of life, centralization of management, limited liability, and transferability of interest. (See condominium owners’ association, limited liability company [LLC], unincorporated association.)

**Association of Real Estate License Law Officials (ARELLO)** See Appendix A.

**association of unit owners** All unit owners of a condominium acting as a group for the administration of the project, in accordance with the declaration and bylaws. The association of unit owners may be incorporated or unincorporated. (See condominium owners’ association.)
assumed business name  See fictitious company name.

assumption of mortgage  (adquisición de hipoteca) The acts of acquiring title to property that has an existing mortgage and agreeing to be personally liable for the terms and conditions of the mortgage, including payments. In effect, the buyer (grantee) becomes the principal guarantor on the mortgage note and is primarily liable for the amount of any deficiency judgment resulting from a default and foreclosure on the property. The original mortgagor (grantor) is still liable as surety on the note if the grantee defaults. The personal liability of the purchaser to pay the mortgage debt is usually created by an assumption clause in the deed (or assignment of lease if a leasehold mortgage is involved). Normally, a deed need be signed only by the grantor, but where there is an assumption clause, both buyer and seller sign the deed so that the buyer becomes personally bound to the assumption. Because of continued liability, the seller usually asks a higher price for the property if the buyer is to assume a mortgage—the seller is, in effect, trading on the low interest rate of the existing mortgage. The lender is, in effect, a third-party beneficiary of the assumption agreement.

When the seller is taking back a second mortgage, the contract should state whether any adjustments in the assumed loan balance should be applied to the down payment or to the second-mortgage amount.

There is little reason for a lender to relieve the original seller from liability on the assumed note, so most lenders prefer to have both the buyer and the seller remain liable on the note. In certain cases, however, the lender will relieve the seller from continuing liability by way of a novation. Note that if the mortgagee changes any of the mortgage terms with the new owner, the original mortgagor may be released of all liability on the note. The lender normally charges an assumption fee. When interest rates are escalating, few lenders approve the assumption unless they can renegotiate the terms of the loan, raising the interest rate, and/or charging a fee. Some courts have sustained the right of the lender to require payment of an assumption fee and loan interest modification as consideration for its waiver of the acceleration clause in a mortgage. (See acceleration clause, due-on-sale clause, novation, "subject to" mortgage, subrogation.)

at-risk rules  Special rules set up by the IRS to restrict leverage opportunity by limiting the taxpayer’s deductible losses to the amount the taxpayer has “at risk.” A taxpayer is generally considered at risk to the extent of cash contributed and amounts borrowed for which the taxpayer is liable for payment from personal assets (recourse debt).

The act extends the at-risk rules to real estate investment losses incurred on property placed in service after December 31, 1986, subject to certain exceptions. The most important exception provides that nonrecourse debt secured by real estate used in the business activity is treated as an amount at risk, so long as the loan is made by a party who is regularly and actively engaged in real estate lending. This is true even if the loan is made by a related party, provided that the terms of the loan are commercially reasonable and substantially the same as could be obtained from an unrelated lender. Except in unusual circumstances, seller financing of real property of any type generally will not be considered at risk.

After a taxpayer’s cumulative total deductions in connection with a property exceed the amount for which the taxpayer is at risk, the taxpayer can take no further deductions on the property until the amount for which the taxpayer is at risk is increased. Losses that are disallowed for a taxable year under the at-risk rule are carried forward indefinitely and are allowed as deductions in a succeeding tax year to the extent that the taxpayer increases the amount at risk in the activity giving rise to the losses. (See nonrecourse loan.)

atrium  Usually the main areas of a structure with a ceiling of a translucent material that allows sunlight into the interior quarters.
attachment.  (embargo)  The legal process of seizing the real or personal property of a defendant
in a lawsuit by levy or judicial order, and holding it in court custody as security for satisfaction of a
judgment. The lien is thus created by operation of law, not by private agreement. The plaintiff may
recover such property in any action upon a contract, express or implied.

Real property is attached by recording a copy of the writ of attachment in the public record. The
attachment thus creates a lien against the property before entry of a judgment so that the plaintiff is
assured there will be property left to satisfy the judgment. The lien can be enforced by issuance of an
execution after a judgment for the plaintiff.

An attachment may arise from an action for payment of money upon an unsecured contract. The
property may not be sold or encumbered free of the attachment without satisfaction or release of the
attachment, or without the posting of a cash bond equal to plaintiff’s claim plus costs. An attachment
is not available when a party brings an action to collect payment of a secured obligation (mortgage).
(See lis pendens [Lis/P].)

attestation  The act of witnessing a person’s signing of an instrument by a subscribing witness.

attic  Accessible space located between the top of a ceiling and the underside of a roof. Inaccessible
spaces are considered structural cavities.

attorney fees  Monies an attorney charges for legal services. Unless provided for by statute or in a
contract, attorney fees usually cannot be recovered by an aggrieved party. Therefore, it is important
to insert a clause in all contracts (especially promissory notes) to the effect that, in the event of litigation
arising from the contract, the prevailing party shall be entitled to reimbursement of all attorney
fees and costs.

attorney-in-fact  (apoderado, mandatario)  A competent and disinterested person authorized by
another person to act in her place. In real estate conveyance transactions, an attorney-in-fact, who has
a fiduciary relationship with the principal, should be so authorized by way of a written, notarized,
and recordable instrument called a power of attorney. The attorney-in-fact need not be an attorney-at-law, although people often give a power of attorney to their lawyers.

An attorney-in-fact may have a general or specific power; however, even one with general pow-
ers may not act in any way contrary to the principal’s interests (for instance, selling the principal’s
property for inadequate consideration) or act in his own interests (for example, conveying the prin-
cipal’s land to himself). The listing broker should think carefully about possible conflicts of interest
before accepting a power of attorney from the client and should also consider having separate written
instructions detailing exactly what actions, and/or on what terms, the broker is authorized to act.

An attorney-in-fact appointed by a minor is not competent to convey title to real property owned
by the minor.

A husband cannot be his wife’s attorney-in-fact for purposes of releasing her dower rights.
(See agent, power of attorney.)

attornment  The act of a tenant formally agreeing to become the tenant of a successor landlord; as in
attorning to a mortgagee who has foreclosed on the leased premises. Attornment establishes a new
tenancy, with the mortgagee being the landlord, and acts as a defense against the defaulting mort-
gagor’s claim for rent.

In a long-term lease situation, an attornment agreement is typically entered into by a subles-
see with a fee owner of the land and a mortgagee holding a mortgage on the fee or on the master
leasehold estate. The sublessee seeks to protect his estate from destruction by reason of the premu-
ture termination of the master leasehold or from loss by reason of the foreclosure of the mortgage
due to the sublessee defaults. The attornment agreement provides that, in the event of termination or
foreclosure, the sublease will continue, just as though the owner or the mortgagee were the lessor in
attraction principle

A lease with the sublessee for a term equal to the unexpired term of the sublease, and upon the same terms and provisions. (See nondisturbance.)

attraction principle  The pulling force of a commercial business center due to one or more of various merchandising factors. A shopping center, made up of many diverse businesses, holds cumulative attraction for consumers.

attractive nuisance  A doctrine of tort law stating that persons who maintain on their property a condition that is both dangerous and conceivably inviting to children owes a duty to exercise reasonable care to protect children from the danger. Thus, an owner who maintains a swimming pool or unmarked open pit, or discards a refrigerator or freezer may be liable for injuries to trespassing children. Construction sites should be adequately secured to prevent inquisitive children from being injured.

auction  (subasta)  A form of selling land or personal property whereby oral offers are taken and the property is sold to the highest bidder. Some states require auctioneers selling real estate to carry a special license. Real estate auctions are generally used in mortgage foreclosure sales, tax sales, and with hard-to-sell properties. If the auction is “without reserve,” the auctioneer cannot withdraw goods or bid on them personally or through an agent.

In the secondary mortgage market, Fannie Mae uses an auction-type purchasing procedure termed free market system auction to buy mortgages from approved lenders. In recent years, auctions have become an alternative method of marketing real estate, especially by lenders or developers attempting to sell multiple properties quickly. (See bid.)

auctioneer  (martillador)  A person licensed or authorized to sell real or personal property at public auction. Some states require the auctioneer to be licensed both as an auctioneer and as a real estate broker to sell real property.

augmented estate  A concept to calculate which of the decedent’s assets are subject to the surviving spouse’s right of election (“forced share”), regardless of whether the deceased spouse dies testate or intestate. The augmented estate includes certain lifetime transfers of property by the decedent during marriage to donees other than the surviving spouse. The addition of these lifetime transfers supports the policy of preventing the decedent from deliberately disinheriting the surviving spouse. (See dower.)

authorization to sell  A listing contract whereby an agent is employed by a seller to procure a buyer for the property. It usually does not give the agent the authority to enter into a binding contract of sale; such unusual authority typically requires a special authorization, as in a limited power of attorney. (See listing.)

autre vie  See pur autre vie.

avenue  A fully improved through-roadway, serving local or minor collector traffic, that is landscaped and planted with trees.

aviation easement  An easement acquired through purchase or condemnation to permit aircraft approaching an airport to fly at low elevations above private property. This effectively prevents the landowners near airports from building above a set height or requires the trimming of trees. (See air rights.)

avulsion  (avulsión)  The loss of land as a result of its being washed away by a sudden or violent action of nature. A riparian owner generally does not lose title to land lost by avulsion—the boundary lines stay the same no matter how much soil is lost, and the former owner can reclaim the lost land. In contrast, the riparian owner loses title to land washed away by erosion, which is the gradual and imperceptible washing away of soil. (See erosion, riparian rights.)
axial growth  City growth that occurs outward along main transportation routes. This pattern is usually star-shaped.

azimuth  The direction of a boundary line in relation to a north-south line or meridian, or the angle between a north-south line and the boundary line measured from the north point in the northern hemisphere and the south point in the southern hemisphere. Every line has two azimuths, depending on the direction one looks down the line. This, the azimuth of line \(A \rightarrow B\) is 240°, but the azimuth of line \(B \rightarrow A\) is 60°.

backfill  The earth or selected material such as aggregate, used for one of three purposes: to fill in around foundation walls after they are completed, to fill other excavated voids, or to compact soil.

back-to-back escrow  An escrow set up to handle the concurrent sale of one property and the purchase of another property by the same party. To obtain the $20,000 cash down payment needed to purchase a new three-bedroom home, John Lark must close the sale of his present two-bedroom home. John may set up a back-to-back escrow with an escrow company, which will close the sale of his old home and then apply the necessary proceeds to close the purchase of his new home.  

(See double escrow, escrow.)

back-to-back lease  An agreement made by a landlord as a concession to a prospective tenant, in which the landlord agrees to take over the tenant’s existing lease in return for the tenant’s agreement to lease space in the landlord’s commercial building (office building, industrial park).  

(See concession.)
“This truly is the most complete compilation of real estate terms.”
GERALD CORTESI, HARPER COMMUNITY COLLEGE

The Language of Real Estate is a real estate dictionary and more—it is a totally functional real estate reference book that provides an instant answer to almost every real estate question. Known for its comprehensiveness and accuracy, this essential guide includes:

- Complete, thorough, and accurate definitions for over 2,800 real estate terms that provide beginning students with an introduction to the field and allow seasoned professionals to explore difficult topics in depth.
- A subject classification of terms that offers a quick look at the most important terms in dozens of topic areas.
- Several features for Spanish-speaking students—including Spanish terms next to key terms in the text and three appendices referencing Spanish terms—that make this book a helpful guide for native Spanish speakers and English speakers who use Spanish in their real estate business.
- A list of laws that provides a one-stop reference for information about federal laws affecting real estate, including Web sites and short descriptions.
- Easy reference appendices for organizations and designations that help readers master the alphabet soup of designations and associations in the real estate world.

JOHN W. REILLY, DREI, has been a member of the New York, California, Hawaii, and Federal Bars, as well as a REALTOR® and a licensed real estate broker in Hawaii and California. He previously was an adjunct professor of real estate law and licensed real estate instructor for both salesperson and broker classes. Reilly has served as an educational consultant to Hawaii’s Real Estate Commission and as the real estate testing consultant to Applied Measurement Professionals (AMP). He is co-author of the book Questions and Answers to Help You Pass the Real Estate Exam.

MARIE S. SPODEK, DREI, CDEI, CNE, contributing editor, is a nationally recognized real estate educator, speaker, and trainer. Active in the Real Estate Educators Association, she brings an informal, easy-to-read style and a wealth of practical experiences to her professional publications. She is the author of Environmental Issues in Your Real Estate Practice and Sustainable Housing and Building Green: What Agents Should Know, as well as the co-author of Mortgage Fraud and Predatory Lending: What Every Agent Should Know. Marie is also the consulting editor of many popular titles, such as Real Estate Fundamentals and Property Management.

OTHER REFERENCE & PROFESSIONAL DEVELOPMENT TITLES FROM DEARBORN™ REAL ESTATE EDUCATION

21 Things I Wish My Broker Had Told Me Before Hitting Send: Power Writing Skills for Real Estate Agents
Mastering Real Estate Math
Power Real Estate E-mails & Letters

Sales and Marketing 101 for Real Estate Professionals The Big Book of Real Estate Ads
The Green Guide for Real Estate Professionals
The Insider’s Guide to Commercial Real Estate
Up and Running in 30 Days