

# REAL ESTATE DICTIONARY

## **Did We Miss the Word YOU Are Looking For?**

Is there a real estate word that we failed to explain here in our dictionary for homebuyers and sellers? Do you have a suggestion of a real estate word that should be included?

Let us know! We always appreciate feedback.



# A

<b>Abstract of title</b>	A condensed history or summary of all transactions affecting a particular parcel of real estate, including the original grant, all conveyances and encumbrances affecting the property, and the abstractor's certification of the history's accuracy
<b>Acceleration clause</b>	A clause in a mortgage that gives the lender the right to require payment of the entire principal balance if the borrower defaults on an installment payment or other covenant
<b>Acceptance</b>	An offeree's consent to enter into, and be bound by the terms of, a contract
<b>Access</b>	The right to enter and exit a parcel of land from a public way, including the right to enter and exit via land belonging to others
<b>Acknowledgment</b>	The confirmation by which a party executing a legal document confirms his signature and voluntary agreement with the terms of the document, made before an authorized officer of the Court or notary public
<b>Acre</b>	43,560 square feet of land
<b>Adjustable-rate mortgage (ARM)</b>	A mortgage with interest rates that may fluctuate based on market conditions; the lender is permitted to adjust the mortgage's interest rate periodically, though most ARM's are limited in the amount that the interest rates can vary
<b>Adjusted basis</b>	The total of the original cost of a property and the value of any capital expenditures for improvements done to it, minus any depreciation taken
<b>Adjustment date</b>	The date on which the interest rate changes for an adjustable-rate mortgage (ARM)
<b>Adjustment period</b>	The period of time between the adjustment dates for an adjustable-rate mortgage (ARM)
<b>Administrator</b>	A person appointed by a probate court to administer the estate of an individual who has died without a will
<b>Adverse Possession</b>	A claim made against the land titled to another person, by virtue of open and hostile possession and use of the land to the

exclusion of the titled owner

<b>Affidavit of title</b>	A sworn statement that is made in writing under oath by a seller of real property, and certified by a notary public, in which the seller identifies himself or herself, indicates marital status, certifies that no defects have occurred in the title since the examination of the title on the date of the contract, and confirms that he or she is in possession of the property (if applicable)
<b>Agency</b>	The relationship between two or more persons wherein the agent is authorized to act on behalf of another person (or principal) in certain transactions
<b>Agent</b>	A person or company that acts on behalf of another to transact business, generally in exchange for payment. In real estate, it is a person or company with a real estate license working under the authority of a real estate broker
<b>Alienation</b>	The act of transferring property to another, either voluntarily (via a sale), or involuntarily (via adverse possession)
<b>Alienation clause</b>	The clause in a mortgage or deed of trust which asserts the lender's option to require that the balance of the secured debt becomes immediately due and payable if the property is sold by the borrower, preventing the borrower from assigning the debt without the lender's approval
<b>ALTA</b>	American Land Title Association, the national association of title insurance companies, abstractors and attorneys specializing in real property law, headquartered in Washington, D.C.
<b>Amenity</b>	A natural or manmade feature of real property that enhances its value and attractiveness, though it is not essential to the property's use
<b>Amortization</b>	The process of payment of a debt or mortgage loan over time by installments
<b>Amortization schedule</b>	A timetable for repayment of a debt or mortgage loan, showing the amount of each payment, what portion is applied to interest and principal, and the remaining balance
<b>Amortization term</b>	The amount of time required to repay the mortgage loan, expressed in number of months
<b>Amortize</b>	To pay off a loan or mortgage with periodic payments that cover both principal and interest

<b>Amortized loan</b>	A loan in which both the principal and interest are payable in monthly or other periodic installments over the term of the loan, with no balloon payment prior to maturity
<b>Annual mortgagor statement</b>	An annual report sent to the borrower (mortgagor) each year, showing the amount paid in taxes and interest during the year, as well as the remaining mortgage loan balance
<b>Annual percentage rate (APR)</b>	The overall cost of a mortgage, including interest, mortgage insurance, and loan origination fee (points), stated as a yearly percentage, thus allowing buyers to compare different types of mortgages based on the associated annual finance charges; the APR must be disclosed to borrowers by lenders, per the Truth-in-Lending Act
<b>Annuity</b>	The return, including interest, from an investment of capital, paid in a series of regular payments
<b>Appraisal</b>	A written estimate of the value of an asset or property prepared by a qualified, independent party, through which the asset or property value is determined
<b>Appraised value</b>	The estimate of a property's fair market value, based on an appraiser's analysis of the property
<b>Appraiser</b>	An individual educated to estimate the value of real property and personal property
<b>Appreciation</b>	An increase in the worth of a property due to changes in economic conditions or other causes; the opposite of depreciation
<b>Appurtenance</b>	Anything attached to, or used with, a parcel of land that will go to the new owner on conveyance of the land
<b>ARM</b>	Adjustable-rate Mortgage. Also see "Variable Rate Mortgage"
<b>Assessment</b>	A tax, charge or levy against a property made by the government, based on its value, and levied for a specific purpose, such as to finance sidewalks, a sewer, etc.
<b>Assessment rolls</b>	The public record of taxable property
<b>Assessor</b>	A public official who evaluates the value of a property for taxation purposes
<b>Asset</b>	Anything of monetary value owned by an individual, including real property, personal property, and enforceable claims against others (bank accounts, stocks, mutual funds, etc.)

<b>Assign</b>	To transfer interest
<b>Assignee</b>	One who receives an assignment or transfer of rights
<b>Assignor</b>	One who makes an assignment or transfer of rights to another
<b>Assumable mortgage</b>	A mortgage that allows a new owner to take over its obligations
<b>Assumption</b>	The process of transferring the seller's existing mortgage and liability for payments to the buyer when purchasing a property, which usually saves the buyer money, since assuming a new mortgage incurs additional closing costs and possibly higher interest charges
<b>Assumption clause</b>	The provision in an assumable mortgage that allows a buyer to take responsibility for that mortgage from the seller
<b>Attachment</b>	Seizure of property through Court process to force payment of a debt
<b>Attorney-in-fact</b>	One who holds a power of attorney from another to execute legal documents on behalf of the grantor of the power

## B

<b>Back ratio</b>	The ratio of monthly housing costs (principal, insurance, taxes, and interest) plus regular monthly payments to gross monthly income, used by the lender to evaluate an applicant's qualification for a loan; typical back ratios are between 32 - 45 percent
<b>Balloon mortgage</b>	A mortgage with level monthly payments over a stated term, but which requires a lump sum payment in full due at the end of an earlier specified term
<b>Balloon payment</b>	The final lump sum payment that is made at the maturity date of a balloon mortgage, which is larger than preceding regular payments
<b>Bankruptcy</b>	A legal proceeding in a federal court in which a debtor who owes more than the total of his or her assets can surrender those assets to the Bankruptcy Court, thereby being relieved of the future obligation to repay his or her unsecured debts; a Trustee in Bankruptcy administers the assets, selling them to pay as much of the debt as possible

<b>Bargain and sale deed</b>	A deed that carries with it no warranties against liens or other encumbrances, but which implies that the grantor has the right to convey title
<b>Basis</b>	The financial interest an owner of an investment property has, as determined by the Internal Revenue Service, in order to determine annual depreciation and gain or loss on the sale of the asset Adjusted Basis: When property is purchased, the owner's basis is calculated to be the property cost plus the value of any capital expenditures for improvements made, minus any depreciation taken
<b>Benchmark</b>	A permanent reference mark made on a piece of property for the sake of surveyors
<b>Beneficiary</b>	The person named to receive income from a trust, an estate, or a deed of trust
<b>Bequeath</b>	To gift or transfer personal property to another party, executed via a will
<b>Betterment</b>	An improvement to property that increases its value, as opposed to repairs or changes that maintain its value only
<b>Bid</b>	A financial offer to purchase a property
<b>Binder</b>	A preliminary agreement for the purchase of real estate, secured by the payment of an earnest money deposit which evidences the purchaser's good faith and intent to complete the purchase
<b>Blanket loan</b>	A mortgage covering more than one parcel of real estate, which provides for each individual parcel's partial release from the mortgage upon repayment of a portion of the debt
<b>Bond</b>	A written financial obligation, usually secured by a mortgage or a deed of trust, and often posted with the Court, to guarantee against loss incurred with a potential claim
<b>Breach</b>	Failure to follow through on a contractual promise or legal obligation
<b>Bridge loan</b>	A form of second trust, collateral for which is the borrower's present home, usually taken on to allow the proceeds from the sale of the borrower's present home to be used to close on a new home, before the previous home is sold
<b>Broker</b>	An intermediary who assists in negotiating contracts between two or more parties, for a fee; in real estate, a broker is licensed to assist in the purchase, selling, rental or managing of real estate;

the broker's services will vary, depending on whether he or she is employed by the seller or the buyer

<b>Building code</b>	An ordinance that specifies minimal standards for construction, alteration, or demolition of a building, set for the sake of safety
<b>Building Restriction Line (or "Set-back")</b>	The minimal distance from the road where a building may be positioned, which appears in the original plat of subdivision, restrictive covenants, or in zoning ordinances and building codes
<b>Bureau of Land Management</b>	The branch of government responsible for the surveying and management of public lands
<b>Buy-back agreement</b>	A written agreement which specifies the conditions under which the seller is allowed to repurchase the property, usually restricted to a certain period of time and to a price stated in the agreement
<b>Buydown</b>	When the lender or home builder lowers the interest rate on initial payments on a loan, often for the first few years, allowing a borrower whose income is expected to increase in subsequent years to qualify for a loan they otherwise are currently not qualified for
<b>Buyer-agency agreement</b>	When the broker is the agent for the buyer and is financially obliged to the buyer
<b>Buyer's market</b>	When the real estate buyer is at advantage because there is more supply of houses or real estate available for sale than there is demand, thus lowering prices

## C

<b>CC &amp; R ' s</b>	Covenants, Conditions and Restrictions; or the rights and obligations of individual owners of real property within a subdivision (or other tract of land where there is more than one owner of property) in relation to other owners, or to the organized association of owners, within the same subdivision, relative to the use and maintenance of the property commonly owned among them
<b>Call option</b>	A provision of a mortgage that allows the mortgagee, or lender, to require the mortgage to be due and payable for any reason at the end of a specified period of time
<b>Cap</b>	A limit placed on an adjustable-rate mortgage (ARM) as to how much the interest rate or mortgage payments may increase or decrease

<b>Capital expenditure</b>	The expense incurred making an improvement to a property in order to extend its useful life or to add to its value
<b>Capital gain</b>	Profit earned from the sale of an asset
<b>Capitalization</b>	A mathematical formula that estimates the value of a property, utilizing the rate of return on the investment and the annual net operating income expected
<b>Capitalization rate</b>	The rate of return a property will produce on the owner's investment
<b>Cash-out refinance</b>	A loan for refinancing a property which offers cash over and above what is needed to repay the first mortgage, closing costs, points and any other mortgage liens due. The additional cash can be used for any purpose
<b>Caveat Emptor</b>	Translation: "buyer beware", meaning that the buyer is responsible for inspecting any real estate or property before purchase for defects, as the seller is not required to disclose any problems to the buyer, though if asked outright, cannot conceal any defects
<b>Certificate of deposit</b>	A document provided by a bank or financial institution that is proof of a deposit of funds with that bank or institution, also promising to return the deposit plus earnings at a specified interest rate within a specified time period
<b>Certificate of Eligibility</b>	A document issued by the U.S. government certifying a veteran's eligibility for a VA guaranteed loan for a home or business
<b>Certificate of occupancy</b>	A city or county document certifying that a building is approved for occupancy, often required by insurance companies to insure the property
<b>Certificate of Reasonable Value (CRV)</b>	A document issued by the Department of Veterans Affairs (VA) establishing the maximum loan amount for a VA mortgage
<b>Certificate of Satisfaction</b>	A document recorded with land records and signed by the Noteholder of a property, showing release of a mortgage, deed of trust, or lien on that property
<b>Certificate of title</b>	A statement of opinion provided by a title company or attorney, based on examining public records, stating that the title to a piece of real estate is legally held by the current owner; because this certification does not cover matters not of record, it is no longer commonly used

<b>Chain</b>	A unit for measuring land equaling 66 feet in length
<b>Chain of Title</b>	The series of all historical title documents showing the succession of owners of a property, as evidenced in the land records, whereby it is proven that the present owner of that property in fact holds the title
<b>Chattel</b>	Personal property
<b>Clear title</b>	A document establishing ownership of a property that is free of any legal questions or controversies as to the current ownership
<b>Closing</b>	Also known as "escrow" or "settlement". The process of finalizing the sale of a property via a meeting of the buyer, seller and lender, at which legally binding documents are executed, money is dispersed, the deed is prepared, and ownership is formally transferred from the seller to the buyer
<b>Closing costs</b>	Expenses over and above the price of the property that are incurred by the buyers and sellers in transferring ownership of property, usually including property insurance, taxes, attorney's fees, an origination fee, an amount placed in escrow, title insurance, the mortgage insurance premium, points, and filing fees
<b>Closing statement</b>	A summary financial accounting of a real estate transaction disclosing all cash incoming, outgoing, and any charges or credits made
<b>Clouded Title, or Cloud on Title</b>	Any conditions revealed by a title search, usually during the sale of the property, that make the title to a piece of real estate controversial; can only be removed by a quitclaim deed, release, or court action
<b>Coinsurance</b>	A sharing of insurance risk between the insurer and the insured, and it depends on the amount of the policy and the actual value of the property insured at the time of the loss
<b>Coinsurance</b>	When more than one insurance company shares the risk of a particular transaction or series of transactions; lenders may require co-insurance on large commercial projects
<b>Collateral</b>	As asset pledged to secure a loan; collateral for a mortgage is typically the property itself
<b>Co-maker</b>	A person who takes on equal responsibility for the repayment of a loan by signing the promissory note along with the borrower
<b>Commission</b>	The fee charged by a broker or agent for negotiating a real

	estate or loan transaction, usually a percentage of the selling price of the property or amount of the loan
<b>Commitment letter</b>	A formal document issued by the lender, stating the terms under which the lender agrees to lend money to a homebuyer
<b>Common area assessments</b>	Fees levied against individual unit owners in a condominium or planned unit development project to generate additional capital to defray homeowners' association expenses, and to pay for repairs, maintenance and improvements to the common areas of the project
<b>Common Interest Community (CIC)</b>	An arrangement among property owners whereby they have mutual ownership of common areas of a property (e.g., condominiums, townhouses and planned unit developments) often through membership in an association
<b>Common law</b>	An unwritten body of law or ethical agreements, originating from general customs in England
<b>Community Land Trust Mortgage Option</b>	A financing option that enables lower or moderate-income buyers to purchase housing that has been improved by a nonprofit Community Land Trust, as well as to lease the land on which the property stands
<b>Community property</b>	In some US states, a recognized right of ownership, that any property acquired during a marriage as being jointly owned by both spouses, except that acquired as specifically personal for either individual
<b>Comparables, or Comparable Properties</b>	Properties that are similar in size, style, location and amenities to the property under consideration in an appraisal, which are used in the appraisal process to help determine the approximate fair market value of the subject property
<b>Comparative market analysis (CMA)</b>	A comparison of the sale prices of similar properties (e.g., size, style, location, amenities) in a given area, for the purpose of determining the fair market value of a property
<b>Condemnation</b>	The County or City determination that a building is dangerous for occupancy and must be demolished
<b>Conditional-use permit</b>	Written governmental permission given to allow a use of a property that is ordinarily inconsistent with existing zoning laws, but which is deemed necessary for the common good
<b>Condominium</b>	A system of individual ownership of units within a multi-unit structure, as well as joint ownership of certain common areas; each individual may sell or encumber his own unit within the

structure

<b>Conservator</b>	An individual designated by the Court to protect and preserve the property of someone who is not able to manage his or her own affairs See "Guardian"
<b>Construction loan</b>	A short-term loan for financing the cost of construction of a structure, whereby payments are made to the builder usually in increments as the work progresses
<b>Contingency</b>	A condition that must be met before a contract is legally binding, or where one event or agreement is dependent on the fulfillment or completion of another event
<b>Contract</b>	An oral or written, often legally-binding, agreement between two parties
<b>Contract for Deed, or Land Contract</b>	A method of financing whereby the ownership of a piece of property or real estate remains in the seller's name as security until the buyer pays the purchase price in full
<b>Conventional loan, or Conventional mortgage</b>	A real estate loan or mortgage that is not insured or guaranteed by a government agency, such as the VA or FHA
<b>Convertibility clause</b>	A provision offered in some adjustable-rate mortgages giving the borrower the option to change the ARM to a fixed-rate mortgage at a specified point in time after the loan originated
<b>Convertible ARM</b>	An adjustable-rate mortgage that can be converted to a fixed-rate mortgage under specified conditions
<b>Conveyance</b>	Any document by which the title to real property is transferred
<b>Cooperative (co-op)</b>	A system of multiple ownership in which the residents of a multi-unit housing complex own stock in a corporation that then owns the property, and whereby each resident is given the right to occupy a specific unit pursuant to a lease
<b>Cost approach</b>	A method used by appraisers to estimate the value of a property, in which the appraiser's estimate of the replacement cost of the building is added to the estimated land value, minus the depreciation
<b>Cost of funds index (COFI)</b>	An index used to determine changes in the interest rate for certain adjustable-rate mortgage plans, determined by the weighted-average cost of savings, borrowings, and advances of the 11th District members of the Federal Home Loan Bank of

San Francisco

<b>Co-tenancy</b>	Ownership of the same piece of property or real estate by more than one person
<b>Counteroffer</b>	A new offer, with different terms and conditions, made in rejection of an original offer received
<b>Covenant</b>	A clause written into mortgages, deeds or other real estate documents that obligates or restricts the borrower's actions, and which, if violated, can result in foreclosure of the property
<b>Credit history, or Credit report</b>	A record, prepared by an independent source, of an individual's debts and status of their payment, useful to a lender in qualifying a potential borrower for a loan
<b>Credit life insurance</b>	A type of insurance that can be purchased by mortgagors that will guarantee payment of the mortgage if the mortgagor dies while holding the policy

## D

<b>Deed</b>	A written document that conveys the ownership of real estate from one person or party to another
<b>Deed-in-lieu, or Deed-in-lieu of foreclosure</b>	A deed given by a mortgagor to the mortgagee when the mortgage is in default, to avoid foreclosure
<b>Deed of trust</b>	A written document that grants a trustee, in the event of foreclosure, the full power to sell, mortgage and subdivide the property in question
<b>Deed Restriction</b>	A clause in a Deed that limits the uses of the property (e.g., types or quantities of structures permitted)
<b>Default</b>	The failure to meet the legal obligations in a contract; in real estate, failure to pay mortgage payments as scheduled or to comply with other stipulations of the mortgage
<b>Deferred interest</b>	Interest on a mortgage which is delayed because the monthly payment of the mortgage is not large enough to cover the entire principal and interest due, and therefore is added to the loan balance See "negative amortization"
<b>Deficiency</b>	A claim made by the holder of a note against the maker, in the

<b>judgment</b>	event that a foreclosure sale does not bring in enough proceeds to fully cover the note and the costs of sale, for the difference
<b>Delivery</b>	The final, unconditional and absolute transfer of a Deed from seller to buyer, such that the seller cannot revoke the transfer of ownership; the Deed itself does not pass title until the seller delivers it to the buyer
<b>Depreciation</b>	A decline in the value of property, due to any cause; the opposite of appreciation Also an expense deduction taken for tax purposes over the period of owning income property
<b>Devise</b>	To dispose or convey ownership of real property via a will
<b>Disclosure</b>	A statement of facts made by the buyer about the condition of a property being sold and its surrounding area, required by law in most US states
<b>Discount point</b>	A unit of measurement used for loan charges, with one point equaling 1 percent of the value of the loan
<b>Dower</b>	The rights of a spouse to the property of their deceased spouse
<b>Down payment</b>	The amount of the purchase price of a property paid in cash (i.e. not financed with a mortgage) that is required to secure the property; typically 20%
<b>Dual agency</b>	Representation of opposing parties in a transaction (e.g. when a realtor is the agent for both buyer and seller); requires consent of both parties to be allowed, and is illegal in some US states
<b>Due-on-sale clause</b>	A provision in a mortgage allowing the lender to demand payment of the entire balance of the note if the mortgagor sells or otherwise transfers the property

## E

<b>Earnest money</b>	A deposit made of a portion of the purchase price by the buyer to demonstrate his or her serious intent to purchase the property, usually accompanied by an agreement outlining the terms and conditions of the sale
<b>Easement</b>	The permanent or temporary right to use the property of another for a specific purpose -- e.g. for access over the

property, putting up utility lines, etc.

<b>Egress</b>	The right to leave or exit over a piece of property
<b>Eminent domain</b>	The right of the government to take over private property for public purposes upon payment of its fair market value
<b>Encroachment</b>	A physical, illegal intrusion onto another's adjoining property; examples are a structure, driveway, fence
<b>Encumbrance</b>	Any claim against the fee simple title to a property, such as a lien, mortgage, or easement
<b>Equal Credit Opportunity Act (ECOA)</b>	A federal law that requires lenders and other creditors to make credit equally available without discrimination based on race, color, religion, national origin, age, sex, marital status, or receipt of income from public assistance programs
<b>Equity</b>	The owner's financial interest in a property, over and above any indebtedness for that property; or the difference between the fair market value of the property, and the amount still owed on its mortgage
<b>Equity Sharing</b>	A form of joint ownership between an owner/occupant and an owner/investor, whereby the owner/investor receives depreciation deductions as his portion of interest in the property, and the owner/occupant receives some of the tax write-offs for interest and taxes, as well as part of his monthly payment being applied against his rent. If the property were sold, the co-owners would also divide the profit
<b>Escheat</b>	Property that reverts to state ownership when an individual dies without a will and without heirs
<b>Escrow</b>	A deed, contract, or something of value deposited with a disinterested third party, to be delivered upon the performance of certain conditions by the parties involved; e.g., an attorney or escrow agent taking custody of funds and documents upon the closing of a sale of real estate
<b>Escrow account</b>	An account established by an escrow agent to hold funds for the agent's principal until the consummation of the transaction
<b>Escrow instructions</b>	A document that outlines the duties of the escrow agent and the obligations of the parties involved in an escrow transaction

<b>Escrow payment; also "impounds" or "reserves" in some states</b>	The portion of a mortgagor's monthly payment that is retained by the escrow agent to cover the costs of taxes, hazard or mortgage insurance, lease payments, and other costs incurred in the course of the transaction
<b>Estate</b>	An individual's possessions and property, relevant particularly at the time of death
<b>Eviction</b>	The legally directed removal of an occupant from real property
<b>Exclusive listing, or Exclusive agency listing, or Exclusive right-to-sell listing</b>	A written contract giving a licensed real estate broker the exclusive right to sell a property for a designated period of time, on terms stated by the owner, for a fee, while also reserving the owner's right to sell the property himself, without paying anyone a commission
<b>Executor</b>	A person named in a will, or in the absence of such designation, appointed by the probate court, to administer an estate and carry out its terms
<b>Extended Mortgage</b>	A mortgage in which the due date of payment is extended, and is usually charged at a higher interest rate than the original mortgage

## F

<b>Fair Credit Reporting Act</b>	A federal law that regulates the disclosure of consumer credit reports by consumer/credit reporting agencies, and establishes procedures for rectifying errors on individuals' credit records
<b>Fair Housing Act</b>	A federal law which prohibits discrimination in housing based on race, color, religion, sex, handicap, familial status and national origin
<b>Fair market value</b>	The highest price that a buyer, who is willing but not required to buy, would pay for a piece of property or home, and the lowest price that a seller, who is willing but not required to sell, would accept
<b>Fannie Mae</b>	The Federal National Mortgage Association (also FNMA), a private corporation which is federally chartered to provide financial products and services that increase the availability and affordability of housing, by purchasing mortgages from banks and other lending institutions; the FNMA is the largest non-bank financial services company in the world, as well as the largest resource for financing of home mortgages in the

U.S.

<b>Farmer's Home Administration (FmHA)</b>	A federal agency that provides credit assistance to farmers and other individuals residing in rural areas of the U.S.
<b>Federal Deposit Insurance Corporation (FDIC)</b>	An independent federal agency that insures the deposits in commercial banks
<b>Federal Home Loan Mortgage Corporation (FHLMC)</b>	A corporation established to purchase primarily conventional mortgage loans in the secondary mortgage market
<b>Federal Housing Administration (FHA)</b>	An agency of the U.S. Department of Housing and Urban Development (HUD), whose function is the insuring of residential mortgage loans made by private lenders; while setting standards for construction and underwriting, the FHA itself does not lend money, or construct housing
<b>FHA insurance</b>	Mortgage insurance provided by the Federal Housing Administration to protect banks, savings and loans, and mortgage companies against loss on real estate loans
<b>FHA loan</b>	A loan insured by the Federal Housing Administration, and made by an approved lender in accordance with the FHA's regulations
<b>Federal National Mortgage Association (FNMA)</b>	A governmental agency established to purchase any kind of mortgage loans in the secondary mortgage market from the primary lenders
<b>Fee simple</b>	The greatest interest in a parcel of land that is possible, or the total interest in real property
<b>Fiduciary relationship</b>	A relationship of trust and confidence, as between principal and agent, trustee and beneficiary, attorney and client
<b>Finder's fee</b>	A commission paid to a mortgage broker for sourcing a mortgage loan for a prospective borrower
<b>First mortgage</b>	A mortgage that is the primary lien against a property
<b>Fixed-rate mortgage (FRM)</b>	A mortgage in which the interest rate remains fixed over the duration of the term of the loan
<b>Fixture</b>	Any item of property that is attached to real property such that it becomes a permanent part of the real property, and therefore

is usually sold with it

<b>Foreclosure</b>	A legal proceeding usually initiated by the lender or creditors, involving a forced sale of a property owned by a borrower who has defaulted on payment of, or on the terms of, a loan on said property, and whereby the borrower is deprived of his or her interest in the property
<b>Forfeiture</b>	The loss of money, property, rights, or privileges due to a breach of legal obligation
<b>Forfeiture of Title</b>	The provision in a deed that accounts for title being passed to another, should certain terms not be met or certain circumstances occur
<b>Freddie Mac</b>	The Federal Home Loan Mortgage Corporation (also FHLMC), a private corporation that is federally chartered to purchase and sell mortgage loans; a major player in the secondary market, along with the Federal National Mortgage Association (FNMA)
<b>Front ratio</b>	The ratio of a potential borrower's monthly housing costs to their gross monthly income, utilized by lenders to qualify an applicant for a loan; typically 28-40 percent is acceptable
<b>Fully amortized ARM</b>	An adjustable-rate mortgage (ARM) with a monthly payment that is sufficient to pay off the remaining balance at the interest accrual rate over the amortization term
<b>Fully indexed note rate</b>	The index value at the time of application for an adjustable rate mortgage (ARM) plus the gross margin stated in the note

## G

<b>General warranty deed</b>	A deed in which the grantor warrants title against all claims, offering the greatest guarantee of protection of any type of deed, and which is used in most real estate deed transfers of title
<b>Ginnie Mae</b>	The Government National Mortgage Association (GNMA), a United States corporation that guarantees privately issued securities backed by pools of mortgages insured by the Federal Housing Administration, the Farmers Home Administration, or the Veterans Administration
<b>Graduated-payment mortgage (GPM)</b>	A flexible-payment mortgage with monthly principal and interest payments that increase by a certain percentage each year for a certain number of years, and then level off for the remainder of

the term

<b>Grantee</b>	The person who, by written document, receives title or an interest in real property from a grantor
<b>Grantor</b>	The person who, by written document, transfers title to or an interest in real property to a grantee
<b>Gross Lease</b>	The most common of residential leases, whereby the landlord pays for all property expenses incurred through ownership, such as taxes, insurance, repairs, etc.
<b>Ground Lease</b>	A long-term lease of land (usually 99 years) that allows the lessee to build and use the land as agreed in the lease, at the end of which, the land and any improvements revert to the owner
<b>Ground rent</b>	The payment made for the use of land when the title to the property is of a leasehold estate, rather than as a fee simple estate
<b>Growing-equity mortgage (GEM)</b>	A fixed-rate loan for which the monthly payments increase over a designated period of time, with the increased amount of the monthly payment being applied directly to the principal balance, thereby shortening the term of the loan
<b>Guarantee mortgage, or Insured mortgage</b>	A mortgage that is guaranteed against default by a third party (such as the FHA), and for which the borrower must pay an insurance premium
<b>Guardian</b>	An individual designated by the Court to protect and preserve the property of someone who is not able to manage his or her own affairs See "Conservator"

## H

<b>Hazard insurance</b>	Insurance protection for specified losses due to natural causes, such as fire, floods, earthquake, tornadoes, and other "acts of God"
<b>Heir</b>	An individual who will potentially inherit an interest in land from someone who dies
<b>Hiatus</b>	A gap or space between two parcels of lands that is not included in the legal description of either parcel

<b>Home equity line of credit, or Home equity loan</b>	A mortgage loan (usually not the primary mortgage) or line of credit which gives the property owner the option to obtain cash advances from the loan proceeds, using his or her residence as collateral, but which is not to exceed a pre-arranged amount of the owner's total equity in the property
<b>Homeowners' association</b>	A nonprofit association of individual owners of units in a multi-unit structure (either a planned unit development, or a condominium) that manages the common areas of that structure. In a planned unit development (PUD) project, the association holds title to the common elements, whereas in a condominium project, it holds no title to the common elements
<b>Homeowner's insurance</b>	An insurance policy available to residential real estate owners that protects homeowners against financial loss from fire, theft, public liability, and other risks
<b>Homestead</b>	Real estate that is owned and utilized as the primary family residence, protected in some states as exempt from the claims of creditors
<b>Homestead deed</b>	A document filed in the land records asserting a homestead exemption, protecting a variable amount of his assets (depending on which state) against the claims of creditors
<b>Housing ratio, or Debt-to-income ratio</b>	The percentage that results from dividing a borrower's housing expenses by his/her gross monthly income, used by the lender to evaluate an applicant's qualification for a loan
<b>HUD-1 statement</b>	The document used in closing a real estate transaction (also known as a "closing statement" or a "settlement sheet") which itemizes the funds that are payable at closing, including broker commissions, loan costs, and escrow amounts, and which provides a summary of the seller's net proceeds and the buyer's net payment at closing. It is required by the US Department of Housing and Urban Development (HUD) whenever federally-related mortgages are being made on residential properties

## I

<b>Impound, or Reserves</b>	The portion of a borrower's monthly payments held by the lender to pay for taxes, hazard and mortgage insurance, lease payments, and other items that will come due
<b>Income approach</b>	The method of estimating the value of a property by calculating its generated income

<b>Income property</b>	Real estate developed for the purpose of generating income
<b>Indemnify</b>	To provide for compensation in the case of loss or damage to property
<b>Indemnity</b>	The statement of terms under which loss or damage to property will be compensated
<b>Index</b>	A published interest rate used by lenders to compare the interest rate for an adjustable-rate mortgage (ARM) with that earned by other investments (e.g., the yield on Treasury bills, interest rate on loans from savings and loans institution, etc.), as a result of which the ARM interest rate is adjusted
<b>Ingress</b>	The right to enter on or over a piece of property
<b>Insurable Title</b>	A property title which an insurance company is willing to insure against possible claim
<b>Installment contract, or Contract for deed</b>	A contract for the sale of real estate whereby the buyer is in possession of the property while paying off the purchase price in periodic installments, despite the title being retained by the seller until the future date of final payment
<b>Insured closing letter</b>	An indemnity provided by a title insurance company to a lender, whereby the title insurance company assumes responsibility in the case that the closing agent does not fulfill the terms of the loan, or misappropriates the loan proceeds
<b>Insured mortgage</b>	A mortgage that is protected by the Federal Housing Administration (FHA) or by private mortgage insurance (MI) so that if the borrower defaults on the loan, the insurer compensates the lender the lesser of the loss incurred or the actual insured amount
<b>Interest rate buydown plan</b>	An arrangement made for the initial years of a mortgage whereby the seller (or any other party) deposits money into an account that is then released toward the monthly payments on the mortgage, thereby bringing the mortgagor's interest rate down below the actual interest rate
<b>Interest rate ceiling</b>	The maximum interest rate for an adjustable-rate mortgage (ARM), as specified in the mortgage note
<b>Interest rate floor</b>	The minimum interest rate for an adjustable-rate mortgage (ARM), as specified in the mortgage note
<b>Interim financing</b>	A temporary or short-term loan, often made during the construction phase of a building project, and usually replaced by a permanent long-term mortgage

<b>In testate</b>	The condition of dying without leaving a will. The description of an estate without a will
<b>Involuntary lien</b>	A claim or charge against property placed without the consent of the property's owner

## J, K

<b>Joint Ownership Agreement</b>	An agreement made between two or more owners of the same property, defining their rights and responsibilities (e.g. recommended in the case of married owners of property) See Equity sharing
<b>Joint tenancy, or Tenants by the entirety</b>	Ownership of real estate by two or more parties held jointly for life; if one of the owners dies, the survivor(s) inherit the property without reference to the deceased's will
<b>Judgment</b>	A decision or decree made by a court of law
<b>Judgment lien</b>	A claim against the real property of a debtor, as decreed by the court
<b>Jumbo loan, or Non-conforming loan</b>	A loan amount that exceeds the limits set by the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation; because such loan cannot be funded by these two agencies, it carries a higher interest rate
<b>Junior mortgage, or Secondary mortgage</b>	A mortgage whose claim to repayment is of lesser priority than another, previously recorded mortgage

## L

<b>Land contract</b>	See Contract for deed
<b>Late charge</b>	The penalty a borrower pays when a payment is made after the due date
<b>Lease</b>	A written agreement between the property owner and a tenant that stipulates rent to be paid, as well as the terms under which the tenant may reside in the real estate for a designated period of time
<b>Leasehold estate</b>	The tenant's right to title to a property for a specific period of time

whereby the tenant does not actually own the property but has a long-term lease on it

<b>Lease option</b>	A lease that gives the tenant the right to purchase the property, either during the lease term or at its end
<b>Lender's Title Insurance</b>	An insurance policy covering a lender for the loan amount, whereby the coverage declines in amount as the loan is paid off, to the point where there coverage ends when the loan is paid completely
<b>Lessee</b>	The individual or party who takes property upon a lease
<b>Lessor</b>	The individual or party who grants property upon a lease
<b>Liabilities</b>	An individual's financial obligations
<b>Lien</b>	A legal claim or charge allowed to a creditor against a debtor's property that must be paid when the property is sold to transfer title
<b>Life estate</b>	The right to use, occupy and own, for the duration of the life of the individual
<b>Lifetime payment cap, or Lifetime rate cap</b>	The limit on the amount that payments can increase or decrease over the term of an adjustable-rate mortgage (ARM)
<b>Liquid asset</b>	Cash, or an asset that can be readily converted into cash
<b>Liquidated damages</b>	The compensation predetermined by both parties to a contract to be paid to the injured party, should the other party breach the contract
<b>Lis pendens</b>	A legal document filed in either a federal or state court indicating that a suit is pending against property located in the county where the notice is recorded
<b>Listing agreement</b>	A contract by which a broker is employed by the seller to find a buyer for the seller's real estate, according to the seller's terms, and for which service, the broker is paid a commission
<b>Listing broker</b>	A broker whose office initiates the property listing (as opposed to the cooperating broker, whose office negotiates the sale); the listing broker and the cooperating broker may be the same person
<b>Loan origination</b>	The process by which a lender sets up a mortgage loan secured by real property

<b>Loan origination fee</b>	The fee charged by the lender to the borrower for setting up a mortgage loan, usually computed as a percentage of the total mortgage amount
<b>Loan-to-value (LTV) percentage</b>	The proportion of the amount of the mortgage loan against the appraised value or sales price of the piece of property being pledged as collateral; e.g., a home with appraised value of \$100,000 but with a \$90,000 mortgage has a LTC of 90 percent
<b>Lock-in</b>	A guaranteed interest rate established at the time of closing which is honored if the mortgage closes within a certain period of time, also usually establishing the number of points to be paid at closing as well
<b>Lock-in period</b>	The time period during which the set interest rate is guaranteed to the borrower
<b>Loss Payable Clause</b>	A provision in an insurance policy that provides payment for any loss to two or more parties, as their interest so justifies, the two parties typically being the owner and the lender
<b>Lot</b>	A parcel of land with fixed boundaries as determined by a survey

## M

<b>Majority</b>	The age at which an individual is legally entitled to handle his or her own affairs
<b>Margin</b>	The amount added to the index on an adjustable-rate mortgage (ARM) that establishes the adjusted interest rate at a given time
<b>Market value, or Fair market value</b>	The most likely price that a piece of property or home can realistically be sold for, and is dependent on the selling price of similar real estate in the area
<b>Marketable title</b>	A clear, unencumbered title, reasonably acceptable without the threat of the risk of litigation
<b>Maturity</b>	The date on which the principal balance of a loan, bond, or other financial commitment is due and payable
<b>Mechanic's lien</b>	A lien created by statute to allow unpaid contractors, laborers or suppliers who have performed work on or furnished materials for the construction of a building to recover the value of their work
<b>Metes and</b>	Means for describing property by a set of directions and distances,

<b>Bounds</b>	when there isn't identification based on a surveyed lot number
<b>Minor</b>	An individual below the age at which he or she is legally entitled to handle his or her own affairs
<b>Monument of Survey</b>	le indications made on natural or man-made objects that indicate the boundaries of a survey
<b>Mortgage</b>	A legal document that pledges a property to the lender as security for the payment of a loan or debt
<b>Mortgage broker</b>	An individual or company that acts as an agent between borrowers and lenders for the purpose of arranging and negotiating mortgage contracts; who is paid a fee for such service
<b>Mortgage insurance</b>	A contract that guarantees the lender against loss caused by a mortgagor's default on a government or conventional mortgage; such insurance can be issued by a private company or by a government agency, and covers either only a percentage, or the total, of the mortgage loan
<b>Mortgagee</b>	The lender in a mortgage transaction
<b>Mortgagor</b>	The borrower in a mortgage transaction
<b>Multiple-listing service (MLS)</b>	An organization of brokers who share their listing agreements with one another in order to find buyers for their properties more effectively than they could individually

## N

<b>National Association of Realtors (NAR)</b>	A real estate trade organization that sets the standards for integrity and honesty within the real estate profession nationwide
<b>Negative amortization</b>	A gradual increase in the balance of a loan or mortgage which occurs because the monthly payments made are too small to cover the entire principal and interest charges; this shortfall amount is added to the remaining balance, resulting in negative amortization
<b>Net listing</b>	The advertisement of the price of property for sale in terms of the net price the seller will receive, once the property is sold, a type of listing which is illegal in many states
<b>Net worth</b>	The total value of all of an individual's assets, minus all liabilities or

debts

**No cash-out refinance** A transaction for refinancing a mortgage in which the new mortgage amount is limited to the sum total of the remaining balance of the first mortgage, points, closing costs, whatever is required to satisfy any liens that are more than one year old and other funds for the borrower's use (as long as the amount is one percent or less of the principal amount of the new mortgage)

**Notary** An individual authorized by law to certify documents and signatures

**Note** A legal document that obligates a borrower to repay a loan or owed sum of money at a stated interest rate over a designated period of time

## O

**Open listing** A contract under which the broker is commissioned to find a buyer before the property is sold by the seller or another competing broker

**Option** The agreement to keep an offer to purchase or lease open for a specific period of time

**Option listing** An agreement by which the broker advertising the property has the right to purchase the listed property himself

**Origination fee** A fee paid to the lender for processing a loan application

**Owner financing** A property transaction for which the seller provides all or part of the financing to the buyer

**Owner's Title Insurance** A policy insuring the full purchase price of a piece of property for the buyer, usually including adjustments for inflation each year up to a maximum of 150% of the original policy amount, the premium for which is payable at the time of closing

## P

**Partial payment** A payment that is less than the agreed upon monthly payment on a loan

**Partition** The forced dividing of real estate among parties who were

previously its co-owners

<b>Patent</b>	A first in a series of documents by which the federal or state government transfers ownership of public lands to an individual
<b>Pay-off amount</b>	The total balance on an existing loan or mortgage
<b>Percolation test</b>	A testing of the soil on a property to evaluate if its absorption and drainage capacity will allow installation of a septic system
<b>Personal property</b>	Property that does not qualify as real property
<b>PITI</b>	Acronym for principal, interest, taxes and insurance, the four components of a monthly mortgage payment, which are taken into account when a lender is evaluating a borrower's financial qualifications for a loan
<b>Plat, or Plot</b>	A map showing a piece of land subdivided into lots, streets and common area, if applicable
<b>P.M.I, or Private Mortgage Insurance</b>	Acronym for Private Mortgage Insurance, see below
<b>Point</b>	A one-time fee charged by the lender for originating a loan, one point being equal to one percent of the amount of the mortgage
<b>Power of attorney</b>	A written legal document authorizing a person to act as agent for another, to the extent outlined in the document
<b>Power of Sale</b>	A provision in a will, mortgage or trust agreement authorizing the sale or transfer of land in accordance with the terms of the provision
<b>Pre-Approval</b>	A commitment from a lender to loan a certain amount of money to a buyer at a designated interest rate and for a specified period of time, which gives the buyer an advantage in competing to purchase real estate or a home
<b>Preforeclosure sale</b>	The sale of a property by a mortgagor for less than the amount owed to the lender of the mortgage for the property, thereby allowing the mortgagor to avoid foreclosure, and done with the approval of the lender
<b>Prepayment penalty</b>	A fee that is charged by the lender to a borrower who pays off a loan earlier than the due date, thereby costing the lender interest and other income from charges
<b>Pre-qualification</b>	The process by which the amount of loan a prospective buyer

will be eligible to borrow is determined, based on his or her income and expenses, which can be used to demonstrate the buyer's financial capability to the seller

<b>Prime rate</b>	The most favorable interest rate that banks charge, usually to their preferred customers
<b>Principal</b>	The amount borrowed, not including interest or other charges
<b>Principal balance</b>	The portion of the original amount borrowed that is due on a loan or mortgage at any point in time
<b>Private mortgage insurance, or P.M.I.</b>	A policy that insures that the lender will recover a specific percentage of the loan amount from the insurance company in the event that the borrower defaults; is not backed by any government agency; is usually required when a down payment of less than 20% is put on real estate or a home purchased
<b>Probate</b>	The court proceedings to prove that a will is valid
<b>Procuring cause</b>	The action or person who brings about the desired result; e.g., under an open listing, the broker who brings in the buyer who actually purchases the property
<b>Promissory note</b>	A written promise to pay a specified amount of money in a designated period of time, which is also transferable to a third party
<b>Prorate</b>	To divide the proportionate share of existing expenses on a piece of property between the seller and buyer, e.g., taxes owed at the time of a transfer of title from the seller to the buyer
<b>PUD (Planned Unit Development)</b>	A multi-unit property or subdivision that includes common property that is owned and maintained by a homeowners' association, for the use of the individual owners
<b>Purchase and sale agreement</b>	A written contract signed by the buyer and seller that states the conditions under which a property will be transferred or sold
<b>Purchase money mortgage</b>	An agreement whereby financing provided by the seller is included in the purchase price

## Q

<b>Quiet title</b>	A court action to remove a claims or objections of other parties on a title
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**Quitclaim deed** A deed that releases whatever interest or title a grantor may hold in a property, without claiming any obligations or warranties

## R

**Radon** A radioactive gas that can cause health problems if present in sufficient concentration, found in some structures

**Rate cap** In an adjustable-rate loan, the ceiling on the amount that the interest rate can be increased at each adjustment

**Rate lock, or lock-in** A commitment to a specified fixed interest rate for a designated period of time, issued by a lender

**Real estate agent** An individual trained and licensed to negotiate the sale of real estate on behalf of the property owner

**Real estate investment trust (REIT)** An organization of individuals who purchase certificates of ownership in the trust, which then invests their money in real property, distributing the profits back to the individual investors free of corporate income tax

**Real Estate Settlement Procedures Act (RESPA)** A federal consumer protection law that requires certain disclosures of lenders to consumers relative to mortgage loans

**Real property** Land and appurtenances permanently on it, including buildings, trees, minerals, and the interest, benefits, and inherent rights thereof

**Realtor** A real estate professional who holds active membership in a local real estate board that is affiliated with the National Association of Realtors

**Realtor®** The registered trademark reserved for the sole use of members of local Realtor boards affiliated with the National Association of Realtors; other real estate professionals who do not belong to the local board may not advertise themselves as Realtors

**Rescission** The cancellation or annulment of a transaction or contract based on law or by mutual consent

**Recording** The entering or noting of documents affecting all transactions of real estate in the recorder's office in each county, making it public record; until recorded, a mortgage or deed is usually not

valid against subsequent buyers

<b>Recording fees</b>	Payment made to the lender for recording the sale of a property with the county office
<b>Refinance</b>	To obtain a new mortgage loan on a property already owned
<b>Regulation Z</b>	A federal law that requires disclosure by a credit institution or lender of the terms, conditions, and full cost of a loan or mortgage, including the annual percentage rate and any other charges, to the borrower when they apply for the loan
<b>Remainder</b>	An interest in land that is postponed until the termination of some other interest
<b>RESPA</b>	Abbreviation for the Real Estate Settlement Procedures Act, which is a federal law that requires lenders to provide information on estimated settlement costs, which is available for review by the buyers one time after application, and again once prior to or at the closing
<b>Restrictive covenants, or Protective covenants</b>	A provision in a deed that limits how real estate ownership may be used
<b>Reverse-annuity mortgage (RAM)</b>	A loan or mortgage whereby the amount of the monthly payments the borrower receives is based on accumulated equity, rather than on the agreed-upon total sum loaned
<b>Reversion</b>	A clause in a transfer of title that returns the property to the grantor upon specified events or occurrences happening
<b>Right of first refusal</b>	The right specified in an agreement to have the first opportunity to purchase or lease a given property before it is offered to others, or alternately, the prior right to purchase a property based on the same terms made by another buyer that were acceptable by the seller
<b>Right of survivorship</b>	In joint tenancy, when one of the joint tenants dies, the right of the survivors to the deceased's interest in the property
<b>Right-of-way</b>	Permission to pass across the property of another
<b>Riparian rights</b>	The right of an owner of property to make use of waterways adjoining the property

# S

<b>Sales comparison approach</b>	The method of evaluating a property's value by comparing it to actual sales prices and values of comparable properties
<b>Sale-leaseback</b>	A transaction in which a seller deeds property to a buyer for a consideration, and the buyer simultaneously leases the property back to the seller
<b>SBA</b>	Abbreviation for the Small Business Administration
<b>Second mortgage, or junior mortgage</b>	A mortgage whose claim to repayment is of lesser priority than another, previously recorded mortgage, usually of shorter term and often at higher interest
<b>Secondary market</b>	Agents or agencies that buy mortgages from primary lenders, usually at discounted prices, to sell to investors
<b>Section, or Section of land</b>	A parcel of land measuring one square mile or 640 acres
<b>Set Back Lines</b>	The distance designated by zoning regulations that is required between the perimeter of a property and where structures can be positioned
<b>Secured loan</b>	A loan guaranteed by collateral
<b>Security</b>	The property pledged as collateral for a loan or mortgage
<b>Seller take-back</b>	A contract whereby the seller of a property provides financing, sometimes as part of an assumable mortgage
<b>Severalty, or Sole ownership</b>	Ownership of real property by only one individual
<b>Special assessment</b>	An additional tax imposed by the government against specific parcels of real estate that will benefit from a public improvement, such as a street
<b>Special warranty deed</b>	An agreement whereby the current owner/seller guarantees he has done nothing that would impair or cloud title, but does not make any guarantee for what occurred prior to his ownership of the property
<b>Specific performance</b>	A legal action that requires a party to honor the terms of a contract

<b>Statute of limitations</b>	The time period allowed for the filing of a legal suit to enforce a claim, after which any such claims are barred
<b>Step-rate mortgage</b>	A loan that allows for the interest rate to increase in increments according to a designated schedule for a specified period of time, at the end of which, the interest rate returns to a constant percentage
<b>Subagent</b>	An individual or party who is employed by someone already acting as an agent
<b>Subdivision</b>	A tract of property that is divided into streets and individual lots
<b>Subject to</b>	Taking ownership of a property with a lien (legal claim or charge) against it, but not assuming responsibility for the said lien, while the holder who forecloses the lien can take the property, but may not collect money from the owner who took "subject to"
<b>Subsidized second mortgage</b>	An alternative financing option for low- and moderate-income households, issued by a state or county housing foundation, agency or nonprofit corporation, whereby the buyer can purchase a first mortgage with a subsidized second mortgage behind it; payment on the second mortgage is often deferred and carries a low or no interest rate, and a portion of the mortgage may be forgiven incrementally for each year the buyer resides in the home
<b>Survey</b>	The process of determining property areas, by measuring its dimensions, lot lines and other physical features Also, the map that results from such measurements taken

## T

<b>Tax sale</b>	A sale of real property ordered by the court in order to raise money to cover delinquent taxes
<b>Tenancy in common</b>	A version of joint tenancy of a property, but without any right of succession by survivorship among the owners
<b>Testate</b>	To die having prepared and left a valid will
<b>Testator</b>	The individual who makes out a last will and testament
<b>Time is of the essence</b>	A condition in a contract requiring the completion of a certain act within a designated period of time
<b>Time-share</b>	A form of ownership interest which allows use of the property only for

	a fixed or variable period of time
<b>Title</b>	A legal document that evidences a person's ownership of and right to possess a property
<b>Title insurance</b>	Insurance that protects the owner or mortgagee against loss arising from disputes over or defects in the title to a parcel of real estate that arise after ownership has been transferred
<b>Title search</b>	Research into public title records to determine the current status of ownership of a piece of property; a licensed attorney must provide any legal interpretation of the records found
<b>Torrens Title</b>	Now a dated system (only used in a few US states) whereby the court issues a certificate establishing the extent of an individual's estate, including any exceptions noted
<b>Township</b>	A division of land that is six miles square, containing 36 square-mile sections
<b>Tract</b>	A specific parcel of land
<b>Transfer of ownership</b>	Any circumstance in which the ownership of a property changes hands, e.g., via outright, titled purchase, or the assumption of an existing on a property, or possession of the property via a land sales trust, even any transfer of a beneficial interest in the trust
<b>Transfer tax</b>	State or local taxes imposed on a transfer of ownership of real property
<b>Trust</b>	A right to a piece of property that is held for the benefit of another
<b>Trust deed, or a Deed of trust</b>	A written document that grants the trustee the title to a piece of property for the benefit of another, and which gives the trustee the power to sell, mortgage or subdivide the property
<b>Trustee</b>	A party who holds property for the benefit of another
<b>Trustee's deed</b>	A deed conveying land ownership executed by the trustee who holds the land in trust
<b>Trustor</b>	The borrower in a trust loan transaction
<b>Truth-in-Lending</b>	A federal law that requires disclosure by a credit institution or lender of the terms and conditions of a loan or mortgage, including the annual percentage rate and any other charges, to the borrower when they apply for the loan. Also see Regulation Z

**Two-step mortgage** An adjustable-rate mortgage that charges a below-market interest rate for a designated number of years (usually 5 or 7) after which the interest rate is adjusted to the current market conditions

## U

**Underwriting** The process of analyzing a borrower's capability to honor repayment of a loan (evaluating his or her credit, assets, employment) along with the value of the property being purchased, to help minimize the risk involved for the party lending the purchase money

**Unilateral contract** A one-sided contract in which only one party is legally under obligation by the terms of the contract; one party promises an action to the second party, who is not legally required to respond, but if the second part does comply, then the first party is obligated to honor the promise made

**Unsecured loan** A loan that is not guaranteed by collateral

**Usury** The act of charging more than the maximum rate of interest permitted by law

## V

**VA guarantee** An insurance contract for which the Veterans Administration (VA) guarantees the lender's recovery of a designated percentage of the loan amount from the insurer in the event that the borrower defaults on the loan

**VA loan, or Government mortgage** A mortgage loan available to qualified military veterans which is guaranteed by the Department of Veteran Affairs, usually offering either no down payment or a low down payment

**Valuation** The estimated of value of a property

**Variable rate mortgage, or Adjusted rate mortgage** A mortgage with interest rates that may fluctuate based on market conditions

**Verification of Deposit** A statement signed by the borrower's financial institution that verifies the current balances in the borrower's accounts

**Verification of Employment** A statement signed by the borrower's employer that verifies the borrower's current position and salary

**Vest** To pass an immediate right on to a person

**Vested** Having the right to withdraw a percentage of a fund before its agreed-upon maturity date; e.g., the percentage vested to individuals with retirement funds differs; if someone is 80% vested, that means they can only withdraw 80% of the funds set aside for them until its maturity

**Department of Veterans Affairs (VA)** A federal agency that insures residential mortgages made to eligible military veterans, which thereby encourages loans being made to veterans

## W

**Waiver** The relinquishing of a right

**Warranty** A guarantee provided to the purchases regarding the quality of appliances or fixtures sold  
Also a promise by the grantor of a piece of property that he or she is responsible to the buyer if the title of ownership is defect in any way

**Warranty deed** A document conveying ownership of a property that guarantees a clear, clean title

**Will** A written document stating how an individual chooses to have his or her property distributed after his or her death

**Wraparound loan or Wraparound mortgage** A method of refinancing which covers the remaining balance on an existing first mortgage as well as the additional amount of loan being requested by the mortgagor; full payments covering both mortgages are made to the Wraparound mortgagee, who then forwards on the portion of payment due to the first mortgagee

## X, Y, Z

**Zoning** e regulation by local government of the use and development of private land