

GLOSSARY

GLOSSARY

ABSTRACT OF TITLE

The summary of various recorded documents relating to title, it shows any liens, judgments, taxes, etc. An attorney's opinion (certificate of title) is required to assure the buyer of the quality of title. Buyers are encouraged to use title insurance regardless of the attorney's opinion.

ACCELERATION CLAUSE

A mortgage clause that declares the entire loan balance due and payable in full immediately upon default by the borrower.

ACCRETION

The addition to real estate by gradual accumulation of soil and land through operation of nature, which may include accumulation of sand because of wind or mud to property located on water.

ACCRUED DEPRECIATION

Loss in value that the property has suffered over a period of time. It is the difference between the replacement cost of a building (as new) as of the date of the appraisal and the presently appraised value of that same building.

ACKNOWLEDGEMENT (NOTARIZATION)

A declaration made before a duly authorized official by a person testifying that he/she is that person and that he/she is signing a document with his/her free will.

ACRE

43,560 square feet

ACTUAL NOTICE (OPPOSITE OF CONSTRUCTIVE / PUBLIC NOTICE)

Actually notifying a person of an existing instrument or other claim to property by means of showing documents or other physical evidence.

AD VALOREM (LATIN WORD)

According to value. Higher property value, means higher property taxes

ADJUSTABLE RATE MORTGAGE (ARM)

A loan arrangement where the monthly payment and/or interest rates would fluctuate with market conditions at certain adjustment intervals.

ADMINISTRATIVE LAW JUDGE (ALJ)

An individual who is appointed by the Department to hear a case presented against a licensee. He or she will make a determination following the hearing and present the finding to the Board.

ADMINISTRATOR

A "Personal Representative." A person appointed by court to settle the estate of a person who died intestate (without a will).

ADMINISTRATOR'S DEED

A deed issued by an administrator (personal representative) of an estate who is appointed by probate court.

ADVERSE EASEMENT (PRESCRIPTIVE EASEMENT, EASEMENT BY PRESCRIPTION)

An easement acquired by means of a notorious and continuous use of property for the statutory period of time prescribed by state law.

ADVERSE POSSESSION

A person occupies another person's property for a statutory period of time and then seeks a court order to receive title to property. Occupancy must be continuous, notorious, and hostile.

AFFIDAVIT

A sworn written statement acknowledged by a notary public or other official authorized to administer an oath or affirmation.

AGENCY

A relationship created when a principal appoints another, called an agent, to act in a certain capacity.

AGENT

A person authorized to represent another to act on his/her behalf.

AIR RIGHTS

The right of the real estate owner to the space above his / her land up to infinity.

AIR SPACE

Space that is solely owned by a condominium co-owner located between floors, walls, and ceilings.

AMENDMENT

A necessary contract that must be signed by a buyer and seller when a transaction is being closed contrary to the original terms of the agreement.

AMENDMENT OF A PURCHASE AGREEMENT

A contract used to amend (change) the terms of a purchase agreement when some changes are necessary after an offer has successfully been negotiated and accepted by the parties, but changes are necessary before the closing.

AMENITIES

Circumstances contributing to the pleasure and enjoyment resulting from owning real estate.

GLOSSARY

AMERICANS WITH DISABILITIES ACT (ADA)

A federal law that requires public facilities, and employers, to make reasonable accommodations for disabled individuals.

AMORTIZATION

The process of making regular payments on a loan, including principal and interest.

ANNUAL

Per year.

ANTI-DISCRIMINATION CLAUSE

A statement that must be inserted in every listing agreement and buyer agency agreement (service provision agreement) stating that neither the client nor the agent would discriminate against any individual's race, color, religion, national origin, age, sex, marital status, disability, and familial status.

developments in the area where the property is located.

APPRAISAL

An opinion issued by a state licensed appraiser estimating the value of property based on property features and market conditions.

APPRAISER

A state licensed person who is employed to establish the value of property.

APPRECIATION

The increase of property value resulting from economic conditions.

APPURTENANCE

A privilege, right, or improvement that passes on with land upon transfer of title.

ARMS LENGTH TRANSACTION

A transaction that occurs in a competitive market that leads to a fair sale involving a willing buyer and seller, both acting with knowledge of the property under no duress.

ASSEMBLAGE

The merging of adjacent properties into one common ownership or use.

ASSESSED VALUE

Value allocated by the local government for tax purposes.

ASSESSOR

A person employed by the local government to evaluate property for tax purposes.

ASSIGNEE

The person to whom an assignment is made. He/she assumes the rights and responsibilities of another person who is obligated under a contract.

ASSIGNMENT

A contract used to transfer a person's rights, interest, and/or obligations under a contract to another.

ASSIGNMENT OF CONTRACT

The act of transferring a person's interest and/or obligations under a contract to another.

ASSIGNMENT OF LEASE CLAUSE

A lease clause that addresses the circumstances under which a lease can be assigned by the tenant (assignor) to another tenant (assignee). It usually requires the pre-approval of the landlord (lessor).

ASSIGNOR

A person who assigns (transfers) his / her interest in a contract to another

ASSOCIATE BROKER

A broker who is employed by another broker.

ATTORNEY-IN-FACT

A person authorized under a "power of attorney" to act on behalf of a principal in conducting business or personal activity.

BALLOON PAYMENT

A lump sum payment (larger than the normal installments made on a loan) required to pay off a loan balance.

BASE LINE

Imaginary line that runs in an East-West direction and intersects with the meridian line.

BASE RENT

The minimum amount of rent charged in a percentage lease. In addition, the lease usually requires the tenant to pay a percentage of retail sales.

BIANNUAL

Also called semi-annual, payable twice a year.

BILATERAL CONTRACT

The opposite of "unilateral contract. "Involves a promise that is exchanged for another promise.

BILL OF SALE

An instrument used to transfer interest in personal property (chattel).

BLIND AD

An illegal ad by which a licensee tries to mislead the public into thinking that the advertiser is a private party or possibly hiding his/her true identity.

BLOCK BUSTING (PANIC PEDDLING)

To profit from inducing any person to sell or rent dwellings by representing entry of certain minority group(s) into a neighborhood.

GLOSSARY

BLUE-SKY LAWS

Laws that regulate the licensing and registration of securities and security dealers.

BOARD OF DIRECTORS

An elected group of owners in a subdivision or condominium association whose job is to meet regularly to enforce the association's bylaws and to overlook the maintenance of the common elements.

BREACH OF CONTRACT

The violation of an obligation that is stated in a contract.

BUFFER ZONE

A zoning use that separates two different use districts such as planning a park between an industrial and a residential district.

BUNDLE OF RIGHTS

A group of rights that are received when property is acquired including such legal rights as possession, enjoyment, lease, sell, will, mortgage, etc.

BYLAWS

Rules enforced by subdivision and condominium associations regulating the use of properties and common elements. For example limiting the number of pets a co-owner may keep in her condominium.

CAPITAL GAINS

Gains resulting from the sale of a capital asset such as real estate.

CAPITAL IMPROVEMENT

Improvements to property that add to its value extending the useful life.

CAPITALIZATION

Determining the value of property by calculating its net operating income and dividing it by a capitalization rate.

CAPITALIZATION RATE

The rate of return that is expected to be obtained on capital invested in income property.

CASH FLOW

The income generated from income property, which is equal to the gross income minus the expenses and debt service.

CERTIFICATE OF NO DEFENSE (ESTOPEL CERTIFICATE)

An instrument signed by the mortgagor (borrower) stating the full amount of the balance and interest rate on the borrowed loan.

CERTIFICATE OF REASONABLE VALUE (CRV)

Issued by a VA approved appraiser to show Fair Market Value for purpose of financing.

CERTIFICATE OF TITLE

An opinion issued by an attorney regarding marketability of title, usually derived from a title search or an abstract of title.

CHAIN OF TITLE

The history of all of the documents affecting the transfer of property title.

CHattel MORTGAGE (SECURITY AGREEMENT)

A mortgage contract that secures a note evidencing a loan borrowed to secure personal property.

CIVIL RIGHTS ACT OF 1866

Prohibits discrimination because of race without exceptions.

CLAUSe OF CONVEYANCE (GRANTING CLAUSe)

A statement in a deed spelling out the actual conveyance of title from grantor to grantee.

CLOSING STATEMENT

A statement showing debits and credits of buyers and sellers that must be signed by the broker / associate broker at the time of closing.

CLOUD ON THE TITLE

A claim or encumbrance that is still outstanding. If proved to be valid then it will affect the marketability of title.

COLLATERAL

The property that is given as security for a loan.

COMMINGLING FUNDS

Mixing the broker's personal funds with trust account funds belonging to the public.

COMMITMENT FEE

Fee charged by a lender to guarantee a borrower that a certain promised loan interest rate and terms are set for a certain period of time.

COMMON ELEMENTS

Portions of a condominium project owned jointly by the condominium owners as tenants in common. Usually extends to all structural portions of a condominium, parking lots, yards, stairs, elevators, hallways, etc.

COMPETENT

Legally qualified to act.

COMPLAINANT

A person making a complaint against another person.

COMPOUND INTEREST

Interest accrued on previously earned interest.

CONCURRENT ESTATE

Ownership of a property by two or more persons at the same time.

CONDEMNATION

The legal process of exercising the government's right of "eminent domain."

GLOSSARY

CONDOMINIUM

Ownership of a unit in a multi-unit structure accompanied by the ownership of common elements.

CONDOMINIUM CONVERSION

The act of converting units in a rental complex into individually owned units that may be bought or sold.

CONDOMINIUM FEE (ASSOCIATION FEE)

An expense assessed in proportion to the cost necessary to operate the condominium association such as maintenance and insurance of common elements.

CONFORMITY

The placement of a property in harmony with other surrounding properties that contributes to achieving its highest and best use. For example locating a home in a subdivision rather than next to an industrial park.

CONSIDERATION

An amount of money or something of value that must be promised in a contract to make it valid.

CONSTRUCTION LIEN (MECHANIC'S LIEN)

A lien placed on real property for unpaid construction bills.

CONSTRUCTIVE NOTICE

Notice given to the public when a legal document is recorded at the "register of deeds" office. The recorded documents are available to the public and are revealed upon a title search.

CONTINGENCY

A requirement or condition in a contract that must be met to validate a contract or certain obligation.

CONTINGENT OFFER

An offer that bears a condition placed by a party to the contract. Such condition must be satisfied for the contract to become binding on that party.

CONTINUING EDUCATION REQUIREMENTS

Educational requirements consisting of 6 classroom hours that must be completed by the licensee on a yearly basis to be allowed to renew the real estate license on time.

CONTRACT

A written or oral agreement that may involve one or more parties acting in a certain capacity.

CONTRACT OF SALE (PURCHASE AGREEMENT)

Or the "buy and sell agreement" whereby the buyer and the seller agree to conduct a sale and set the price, terms and conditions of the sale.

CONTRIBUTION

Value added by one component of property in comparison to the whole. For example, how much value would an adjacent vacant lot; recently acquired for

additional parking, contribute to the entire value of a restaurant business?

CONVENTIONAL MORTGAGE

A mortgage loan arrangement that is neither insured nor guaranteed by the government.

CONVEYANCE

The transfer of interest in real property from one person to the other.

COOPERATIVES

A system of ownership reflected in leasing a unit by a stockholder of a corporation that owns the entire multi-unit structure, using a "proprietary lease."

CORPORATION

A non-living entity that is treated as a person with rights and liabilities as well as income tax.

CORRECTION DEED

A deed issued to correct an error in another deed.

COUNTEROFFER

A proposal initiated by a party to a contract resulting from a prior incoming proposal that was found to be unacceptable. The counteroffer is a way to compromise and negotiate a mutually acceptable agreement to all parties.

COVENANT

A provision entered into an instrument promising certain action or inaction possibly limiting or allowing the use of property.

COVENANT AGAINST ENCUMBRANCES

A covenant in a deed where the grantor guarantees that title is free from all encumbrances except those stated in the deed or on the public record, and that he /she will protect the buyer's title against any liens, debts or other encumbrances that may arise.

COVENANT OF FURTHER ASSURANCE

A covenant in a deed that states, if a cloud surfaces on a title after conveyance, grantor agrees that he/she will execute any instruments necessary to eliminate the problem.

COVENANT OF QUIET ENJOYMENT

A covenant in a deed where the grantor covenants that the property is free from claims of others claiming title to it.

COVENANT OF SEISIN (SEIZIN)

A deed covenant where the grantor guarantees that he is (seized) or actually possesses a fee simple or other interest in the property and has the right to convey it to the grantee.

GLOSSARY

COVENANT OF WARRANTY OF TITLE (WARRANTY FOREVER)

A covenant in a deed where the grantor forever warrants title and promises to defend the grantee's interest against all claims and will compensate the grantee with money if title became defective in the future.

CREDITOR

A person to whom money is owed by the debtor.

CUREABLE OBSOLESCENCE

Outdated features in property that may be feasibly corrected to bring the property to current standards.

CURTESY

A lifetime interest granted to the husband in his wife's real estate granted to him upon her death.

DEBT SERVICE

Loan payments including principle and interest.

DEBTOR

A person who owes money to another called the creditor.

DEDICATION

The donation of privately owned property to public use.

DEED

An instrument that conveys title in real property from one person to the other. The person giving up title is called the grantor and the person receiving title is the grantee.

DEED IN LIEU OF FORECLOSURE

A peaceful surrender of property by the mortgagor (borrower) to the mortgagee (lender) where the mortgagee agrees not to go through the foreclosure process and accepts a deed from the mortgagor who surrenders the property in full satisfaction of debt.

DEED OF TRUST

Used to convey title to a "trustee" pending an installment sale and full payment of debt at which time the "trustee" will deed the property to the buyer using a "trustee's deed."

DEED RESTRICTIONS

A requirement in a deed that limits the future use of the property being conveyed.

DEFAULT

Non-performance of an obligation

DEFEASIBLE FEE

Also called a "qualified fee. "Interest in real estate that may be terminated upon the happening of a certain event.

DEFERRED MAINTENANCE

Existing maintenance and repair requirements that are due but put off.

DEFICIENCY JUDGEMENT

A court judgment obtained by the creditor against a mortgagor when a sheriff's sale does not generate enough

money to satisfy the debt secured by the mortgage.

DELIVERY AND ACCEPTANCE

The voluntarily delivery of a deed by the grantor (during his/her lifetime) and acceptance by the grantee.

DEPRECIATION

The loss of property value.

DESIREABILITY

An economic characteristic of property affecting value which represents whether or not there are possibly buyers interested in the property that are willing, able and have the financial needs to purchase.

DETERIORATION

The physical wear and tear that leads to depreciation.

DEVISE

Real estate that is willed.

DEVISEE

The heir.

DEVISOR

The deceased.

DIRECT ENDORSEMENT

The ability of a lender to approve FHA loans without prior approval from the Federal Housing Administration as long as the loan meets the necessary requirements. The purpose is to save time on loan processing.

DISCHARGE OF MORTGAGE

A document issued and recorded by the lender as a mortgage release evidencing the satisfaction of a mortgage.

DISCOUNT POINTS

Loan fees equal to 1% of the loan amount, charged by the lender in advance at closing which helps to raise the lender's interest yield.

DOMINANT ESTATE (TENAMENT)

The property that benefits from an appurtenant easement.

DOMINANT TENANT

The owner of the dominant estate that benefits from an appurtenant easement.

DOWER RIGHT

The right of a wife, to her husband's real estate granted to her upon his death.

DUAL AGENCY

An agency relationship that involves representing opposite parties in a transaction.

GLOSSARY

DUE-ON-SALE CLAUSE (ALIENATION CLAUSE)

A mortgage clause that gives the lender the right to call the whole loan balance due when ownership of property transfers.

DURABILITY

A physical characteristic that refers to the long lasting nature of real estate.

DURESS

To use force against someone to enter into a contract.

EARNEST MONEY

The amount of deposit made by the prospective buyer on property as evidence of good faith.

EASEMENT

The right to use real property that belongs to another, for a certain purpose.

EASEMENT APPURTENANT

A "right of way" given to a neighboring property which may be used usually for ingress and egress. It is said to "run with the land".

EASEMENT BY GOVERNMENT CONDEMNATION

An easement that is obtained by the government on private property for public use. The law requires the taking to be necessary and requires the payment of fair and just compensation to the owner.

EASEMENT BY NECESSITY

A court ordered easement for the benefit of a landlocked parcel over an adjacent property to provide access.

EASEMENT BY PERSCRPTION (ADVERSE EASEMENT)

Obtained with a court order as a result of an open, continuous and notorious trespass over the property that continues for the statutory period of time.

EASEMENT BY RESERVATION

Created by a person who transfers ownership of property but withholds the right to use a portion of the property.

ECONOMIC LIFE

The length of time during which a property can be profitably utilized.

ECONOMIC OBSOLESCENCE (EXTERNAL)

Loss of value in real estate due to the exterior factors such as a declining neighborhood, air pollution, etc.

EGRESS

The way out from the property. The opposite of ingress.

EMBLEMENTS

Crops and other annual plantings that can be retained by the seller as personal property when property is sold.

EMINENT DOMAIN

The government's right to take private property for public use, provided that the taking is necessary and after paying fair and just compensation. The court action through which eminent domain is taken is known as "condemnation."

ENCROACHMENT

A trespass of a building tree, fence, etc., over the property line of another. It may be detected by a survey.

ENCUMBRANCE

Liens, mortgages, taxes, leases, easements, judgments, deed restrictions, possibly encroachments, etc. attached to property that may become a burden and which may diminish its value. Encumbrances "run with the land", i.e. unless cleared before the sale, it continues to affect the property and must be honored by the new owner.

EQUITABLE TITLE

- (1) Interest held by a vendee under a land contract.
- (2) Interest obtained by the buyer under a contract of sale (purchase agreement) when signed by all parties.

EQUITABLE LIEN

Placed on property as a result of a civil dispute such as for compensation claim, slander, harassment, non-payment of bills, etc.

EQUITY

The difference between the property fair market value and amount of money owed on it.

EQUAL CREDIT OPPORTUNITY ACT

A federal law that prohibits lenders from discriminating against borrowers because of their minority status or because of receiving public assistance.

EROSION

The gradual wearing away of land due to the natural movement of water.

ESCALATION CLAUSE

A provision in a contract that allows for the adjustment of interest rate, payments, lease payment, etc., to satisfy certain contingencies.

ESCALATOR LEASE

A lease that contains an escalation clause which calls for future increases or decreases in rent based on future fluctuations in the property operating expenses.

GLOSSARY

ESCHEAT

The transfer of title/ownership to the State when a person dies without a will or heirs.

ESCROW ACCOUNT

- (1) In case of a budget mortgage, the bank holds money for taxes and insurance on the property in a special account. This account is adjusted as payments are received or bills are paid.
- (2) An account held by the real estate broker to deposit earnest money paid by the public.

ESTATE

- (1) Property held by a deceased person.
- (2) The degree and nature of interest a person has in real property.

ESTATE IN REMAINDER

Interest in real property created by a deed or will that names a third party or entity to whom title will pass upon death of the life tenant. The third party is referred to as the "remainder man."

ESTATE IN REVERSION

An interest in real property that reverts to the original person who granted it to the life tenant and who holds a "reversionary interest."

EXCLUSIVE AGENCY LISTING

A listing by which the broker is specified as an exclusive agent, but the seller may sell the property to a buyer procured due to the seller's efforts without paying a commission.

EXCLUSIVE RIGHT TO SELL

A listing that employs one exclusive agent and promises a fee in the event anyone procures a buyer including other competing agents or even the seller.

EXECUTED CONTRACT

A contract that has been completely performed and terminated.

EXECUTION

The signing of the deed by the grantor.

EXECUTOR

A person named in a will to handle the deceased's estate. Also may be referred to as the "personal representative" of the estate.

EXECUTOR'S DEED

A deed issued with by the executor (personal representative) of an estate.

EXECUTORY CONTRACT

A contract that has not been performed in full yet.

FAIR HOUSING AMMENDMENT OF 1988

A fair housing act that prohibits discrimination because of disability and familial status.

FANNIE MAE

The Federal National Mortgage Association. A private corporation that provides funding as a secondary market.

F.D.I.C.

Federal Deposit Insurance Corporation. A federal agency that insures deposits at commercial banks and savings and loan associations.

FEE

Interest in real property that may be inherited.

FEE SIMPLE ABSOLUTE

A non-conditional fee simple. The highest estate a person can have in real property and is only subject to government powers.

FEE SIMPLE CONDITIONAL

An interest in real estate that, although granted, terminates upon the violation of a certain activity that the new owner must not perform. For example, property that is conveyed on condition that there would be no consumption of alcohol on it.

FEE SIMPLE DETERMINABLE

An interest in real estate given for a special purpose and has a special limitation or condition that the new owner must perform. For example property is granted to a college "as long as" it is used for educational purposes.

FHA LOAN

A loan that is insured by the federal housing administration and initiated by an approved lender.

FIDUCIARY

- (1) The loyalty relationship between the agent and the principal.
- (2) The agent who owes loyalty to the principal.

FIXTURES

Personal property attached to real estate on permanent basis to become a part of it.

FIXTURES CLAUSE

A lease clause that addresses whether fixtures installed by the tenant can or cannot be removed after the expiration of the tenancy. It specifies the party responsible for the removal and repairs that may become necessary after detachment of fixtures.

FORMAL COMPLAINT

Formal charges issued by the Department, following an investigation, and determining that enough evidence exists in regards to a certain violation.

FRAUD

An intentional misstatement of facts.

GLOSSARY

FREDDIE MAC

The Federal Home Loan Mortgage Corporation. A federal agency that provides money for the secondary market.

FREEHOLD ESTATE

An interest in real property for at least a lifetime.

FUNCTIONAL OBSOLESCENCE

Loss in value of property due to poor layout, design and décor that is not up-to-date.

G.R.M.

The Gross Rent Multiplier, used in estimating value of income property based on its gross income.

GENERAL AGENT

One who is authorized to represent the principal in a range of matters.

GENERAL LIEN (BLANKET LIEN)

Applies to a group of properties that an individual owns. Usually results from the owner's personal liability such as income tax liens or a lien that is placed as a result of a blanket mortgage.

GENERAL WARRANTY DEED

A deed that contains all covenants of title.

GRADUATED LEASE (STEP-UP-LEASE)

A lease that calls for future increases in rent payment at certain future intervals.

GRADUATED PAYMENT MORTGAGE

A mortgage arrangement that contains an escalation clause that allows for lower payments or interest in the early stages of repayment with higher payment and/or interest in the future.

GRANDFATHER CLAUSE

A clause in the law that allows for the continuation of a pre-existing use, allowing an exemption from zoning laws or building codes.

GRANT

To transfer interest in real estate using a deed.

GRANTEE

A person receiving title to real estate by means of a deed.

GRANTOR

A person conveying his / her interest in real estate to another person by means of a deed.

GROSS EASEMENT

The right to use property of a person or entity who is not usually a neighbor, given mostly to utility companies such as for the purpose of gas, electricity, cable, water and sewer, etc.

GROSS LEASE

A lease that requires the tenant to pay a set amount of rent while the landlord pays the property operating expenses.

GROSS RENT

Rent collected from tenants before paying property operating expenses.

GROUND LEASE

A lease of land only used by farmers to cultivate property or by a person or entity interested in using land to place improvements on it.

GUARDIAN

A person appointed by court or by another person to handle the property and affairs of a person that is a minor or mentally incapable.

H.U.D.

The Department of Housing and Urban Development

HABENDUM CLAUSE (TO HAVE AND TO HOLD)

A deed clause that defines the extent of ownership the grantor is conveying. For example: From Anderson to Smith, "to have it and to hold it" for her natural lifetime only and upon her death, title to revert back to Anderson.

HETEROGENEITY

Physical characteristic of property affecting value that refers to the fact that every property is unique and no two parcels are alike.

HIGHEST AND BEST USE

The use of land that produces the highest value, provided that it is legal, economical, and physically possible.

HOME MORTGAGE DISCLOSURE ACT

A federal law that requires lenders whose loans are federally related to disclose the number of loans made in various areas in an effort to eliminate redlining.

HOME OWNER'S ASSOCIATION

A committee that consists of the owners in a subdivision or condominium complex whose job is to provide for regulations aimed at preserving and maintaining property values and co-owners relations. It establishes bylaws and collects association fees to pay for maintaining the common elements.

HOMESTEAD

The right given to a homeowner to exempt his / her home from judgments and bankruptcies.

GLOSSARY

HORIZONTAL PROPERTY ACT (THE CONDOMINIUM ACT / THE STRATA ACT)

The law that provide for the creation of a condominium development allowing co-owners to hold fee simple title to their units with a specified share of the common elements.

IMMOBILITY

A physical characteristic of property that refers to the fact that real estate is not moveable.

IMPLIED AGENCY

An agency relationship created by misleading a customer to believe that an agent is representing her as a client.

IMPROVEMENTS

Additions to property that is of a permanent nature such as building a house, garage, deck, installing water, sewer, and utility lines.

INCOME APPROACH

A method of appraising property using a relation between the amount of money invested and the return on investment.

INCOME PROPERTY

Real estate that produces income to the owner.

INCUREABLE OBSCOLESCENCE

Outdated property features that may be very hard, impossible, or uneconomical to correct. For example, adding a garage to a home that is located on a very narrow lot, or trying to improve upon a declining neighborhood that is negatively affecting the value of the subject property.

INDEPENDENT CONTRACTOR

One who is retained to perform a certain act, but who is subject to the control and discretion of another, only as to the end result and not as to the way in which he performs the act. This person normally sets his / her own working hours, pays his / her own expenses, receives no employment benefits, and pays for his / her own income tax.

INDEX LEASE

A lease that is adjusted according to a specified index such as the consumer price index, cost of living index, etc.

INFORMAL HEARING (INFORMAL RESOLUTION CONFERENCE)

A meeting between the complainant and the respondent aimed at settling a formal complaint. It may result in license suspension, revocation, limitation, or certain fines.

INGRESS

The way to enter a property.

INGRESS AND EGRESS

Getting into the property and existing from it.

INSTALLMENT SALE METHOD

A method of purchase involving paying the purchase price for property in installments.

INSTRUMENT

A written legal documents.

INSURED MORTGAGE

A mortgage that secures debt, which is insured by a government agency or private corporation.

INTEREST PER ANNUM

Annual interest.

INTESTATE

Dying without a will.

INVENTORY CHECKLIST

Required under Michigan law to be checked when the tenants move into the residential unit and move out. It allows tenant, landlord, and possible a court of law to determine whether the property has suffered damages due to tenant's actions.

JOINT TENANCY

Ownership held by two or more people with "rights of survivorship".

JOURNAL

A bookkeeping system that consolidates transactions and monies received and paid through the broker's trust account.

JUNIOR LIEN (SECOND)

A lien placed on property after a first lien has been placed and recorded. This type of lien is secured by a junior mortgage (also called a second mortgage), which has lower priority than the first mortgage.

LAND CONTRACT

A contract by which the buyer of real estate pays the purchase price in installments. The seller retains the title to the property until the full payment of debt.

LAND DIVISION ACT

State law that regulates the dividing of land and creation of subdivisions. It requires land to be properly laid out with roads and utilities and for the subdivision to be recorded with the county register of deeds office to create accurate legal descriptions.

LATENT DEFECT

A hidden defect that is known to the seller only and cannot be revealed by an ordinary inspection of the agent or buyer. For example, a crack in a basement wall that is concealed behind drywall or paneling. Not disclosing may result in seller committing "Silent Fraud."

GLOSSARY

LEASE

A contract used to establish a rental arrangement between a lessor (landlord) and a lessee (tenant) to rent property for a pre-determined period of time.

LEASE WITH OPTION

A lease contract that includes an option clause which allows the tenant to purchase the leased property for a set price and terms, or obtain additional lease renewals.

LEASED FEE

The interest that a landlord has in the leased property.

LEASEHOLD ESTATE

The legal interest of a tenant in leased property.

LEGAL CAPACITY (CONTRACTUAL ABILITY)

Being of legal age and sound mind.

LEGAL DESCRIPTION

A unique description of land that can be relied upon to establish its boundaries with a survey.

LEGAL OBJECTIVE

The legal purpose of a contract that has been entered into. A contract for an illegal purpose is void.

LESSEE

The tenant.

LESSOR

The landlord.

LEVERAGE

The use of borrowed money to finance property.

LICENSE

- (1) A personal privilege or right granted by legal authority to perform a certain occupation.
- (2) Permission of a personal and temporary nature granted to use another person's property such as for the purpose of fishing or hunting.

LIEN

A charge or claim by a creditor against a property of a person or entity, threatening to dispose of the property to satisfy the claim.

LIEN THEORY STATES

States whose law allows lender to receive a lien on the mortgaged property and not title.

LIFE ESTATE

Interest in real property given to a person for the duration of a lifetime.

LIFE TENANT

A person or entity who receives title to the real property for the duration of a lifetime.

LIQUIDATED DAMAGES

An amount of money paid to a party in a contract to fully satisfy or "liquidate" any damages suffered.

LIS PENDENS

Notice of a pending lawsuit filed against property that may affect the marketability of title.

LITTORAL RIGHTS

Land owner's claim to the use and enjoyment of water that is adjacent to his / her property in large navigable lakes or oceans. Ownership of land extends to the high water mark.

LOAN TO VALUE RATIO

The relationship between the borrowed loan and the value of property, presented as a percentage. For example, if the value is \$100,000.00 and the loan to value ratio is 80%, a borrower can borrow \$80,000.00.

LOT-BLOCK-SUBDIVISION

A method of legal description that identifies properties by reference to a subdivision plat filed by the developer with the county register of deeds office.

MARKET COMPARISON APPROACH (MARKET DATA APPROACH)

Appraisal method that employs information available on comparable sold properties.

MARKET PRICE

The actual price paid for property at a certain point in time.

MARKET VALUE (FAIR MARKET VALUE)

What a willing buyer will most probably pay a willing seller if neither one of them is under any pressure to buy or to sell, both have reasonable knowledge of the property, and the property stays on the market for a reasonable length of time.

MARKETABLE TITLE

Uncclouded title that that can be freely transferred.

MASTER DEED

A deed that converts land and improvements into a condominium project.

MERIDIAN LINE

Imaginary line that runs in a North - South direction intersecting with the base and township lines.

METES AND BOUNDS

A method of legally describing land using a "point of beginning", distance measurements, boundaries, monuments and benchmarks.

MICHIGAN TRUTH AND RENTING ACT

A law that regulates rental agreements for residential property. It provides for rights and obligations to landlords and tenants alike. It requires the inclusion of certain clauses in a residential lease to protect residential tenants.

GLOSSARY

MILL

Equal to one tenth of one cent or 0.001 of a dollar.

MINOR

A person who is under the age of majority.

MONUMENT

Evidence of a boundary. Such as a concrete block, wooden stake, iron pipes, trees, streams, fences, or any other identifiable object.

MORTGAGE

A contract used to hypothecate property as security for a debt.

MORTGAGEE

A person or entity that receives a mortgage contract from a debtor.

MORTGAGEE'S TITLE POLICY (LENDER'S POLICY)

A title insurance policy (issued for the amount of the loan) that insures the lender's interest in the property against losses due to a defective title.

MORTGAGOR

Person or entity that delivers a mortgage contract to a creditor to secure a loan.

NAKED TITLE

Title held by a person or entity without the bundle of rights.

NET LEASE

A lease that requires the tenant to pay rent plus property operating expenses.

NET LISTING

A listing that involves a seller who is promised a minimum price for the property above which the broker receives his / her commission as the difference between the sale price minus the minimum amount guaranteed to the seller. Illegal in many states.

NET OPERATING INCOME

Yearly income, generated from property after paying all operating expenses.

NET OPERATING INCOME (NOI)

Is equal to the yearly gross rent received from income property minus the yearly operating expenses.

NON-CONFORMING USE

The use of property that is inconsistent with the zoning law.

NON-FREEHOLD ESTATES

Leasehold Interest in real property for less than a lifetime.

NON-LIVING ENTITY AS A BROKER

A corporation, partnership, association, joint venture, trust, or limited liability company that holds a real estate broker's license. It consists of at least one associate broker.

NON-MATERIAL FACTS

Facts about property of no effect on value such as the reason for the sale. Example: Seller lost his / her job and is desperate for money.

NON-PRINCIPAL ASSOCIATE BROKER

An associate broker who is not an officer or member of a real estate entity. He / she has no power to make decisions for the entity.

NON-RESIDENT LICENSEE

An individual who is licensed in the state of Michigan, who actually resides in another state. She / he must meet all of the licensing requirements for the state of Michigan and sign an "irrevocable consent of service".

NOTICE TO QUIT

A legal notice given to a tenant demanding that the tenant vacates the leased premises within a limited time.

NOVATION

The substitution of a person or entity in place of another. Or the substitution of a contract in place of an existing one.

OFFEREE

The person to whom the offer is made.

OFFEROR

The person making the offer.

OPEN END MORTGAGE

A mortgage that allows the borrower to borrow up to a predetermined line of credit.

OPEN LISTING

The owner reserves the right to hire more than one broker to list the property (at the same time) and pays one commission only to the broker who sells it.

OPERATING BUDGET

A statement used to forecast future rents, vacancies, and operating expenses for income producing property.

OPERATING EXPENSES

Necessary costs to operate the income property such as property taxes, maintenance, insurance, utilities, and management fees (not including the debt service).

OPTION CONTRACT

A contract used to reserve the right to purchase or lease property during a set period of time and for a specified price and terms.

OPTIONEE

A person who receives an option to buy or lease a property.

GLOSSARY

OPTIONOR

The person who gives an option on property.

ORDINARY LIFE ESTATE

An interest in real estate given for the duration of the new owners lifetime. Upon their death, property will revert back to the grantor or a third specified party.

OWNER'S ASSOCIATION

A committee that is formed to establish regulations in condominium projects and subdivisions.

OWNER'S TITLE POLICY

Title insurance policy issued in the name of the new property owner, usually provided and paid for by the seller. The policy is issued in the amount of the purchase price and protects the purchaser and his / her heirs against losses due to a defective title.

PARTITION SUIT

Originated by one or more co-owners asking the court to order the splitting of their interest to end the tenancy when a voluntary agreement cannot be reached.

PARTY DRIVEWAY

A driveway that is shared between two adjacent properties.(An example of an appurtenant easement).

PARTY WALL

A wall that is located on the lot line between two adjacent properties. (An example of an appurtenant easement).

PATENT DEFECT

A defect that can be discovered as a result of a reasonable inspection that is conducted on the property such as a roof leak, furnace problem, etc.

PERCENTAGE LEASE

A lease that sets the rent amount based on retail sales generated by the tenants business.

PERCOLATION TEST

Performed to measure how well land absorbs water in order to determine the design of a septic system. If an offer is being made to purchase land that is not served with city sewers than the offer should be subject to a percolation test.

PERENIAL PLANTINGS

Trees, lawns, shrubs, etc. that continue to grow on property without the need of replanting every season. They are considered as real estate and are expected to be included in the sale of property.

PERSONAL PROPERTY (CHATTEL)

Movable goods that are not permanently attached to real property such as furniture, appliances, other free standing items, etc.

PHYSICAL DETERIOTATION

A factor that contributes to loss of value due to wear and tear of property such as a roof leak, problem with plumbing, electrical wiring, etc.

PITI

Refers to a mortgage loan payment that includes principal, interest, taxes and insurance.

PLAT

A map showing location and dimensions of property.

POCKET CARD

An identification card, supplied by the department to a licensee, which must be carried while doing business.

POINTS

A loan fee charged by the lender to originate and / or process a loan. Each point represents one percent of the loan amount.

POINT OF BEGINNING (P.O.B.)

The monument where the metes and bounds description starts and ends.

POLICE POWER

Power vested in government to make laws and regulations for the health, safety, and welfare of the public, such as planning, zoning, building codes, health codes, environmental protection laws, etc.

POWER OF ATTORNEY

An instrument that authorizes a person to act on behalf of another.

PREPAYMENT PENALTY

Charged by a lender to the borrower who pays a loan balance early, i.e., before the scheduled payback time.

PRIMARY LENDER

A lender who initiates the loan to the borrower such as, commercial banks, credit unions, saving and loans, etc.

PRINCIPAL

A person who authorizes another called an agent to act on his / her behalf.

PRINCIPAL ASSOCIATE BROKER

An officer or member of an entity designated by the real estate broker as active. This person can run the non-living entity and has decision-making powers. In the event that there are several officers/principal associate brokers, only one principal broker is designated as the "broker of record" who is in charge of the day-to-day business decisions and supervision.

PROCURING CAUSE

The effort that leads to finding a buyer, which ultimately results in a sale.

GLOSSARY

PROMISSORY NOTE

Evidence of debt showing the loan amount, interest rate, and payment method.

PROPRIETARY LEASE

The lease given by a corporation to a shareholder in a cooperative housing project.

PROTECTION CLAUSE (IN A LISTING AGREEMENT)

A clause inserted in a listing agreement aimed at protecting the listing broker in the event that a buyer who was found by the broker returns to purchase the property directly from the owner but after the expiration date of the listing agreement.

PUFFING

The fraudulent exaggeration of facts.

PUR AUTRE VIE ESTATE

An interest in real property granted for the life of a third party other than the person that granted the estate or the new owner.

PURCHASE AGREEMENT—"Contract of Sale"

A buy-sell agreement between buyer and seller whereby the buyer and the seller agree to conduct a sale and set the price, terms and conditions of the sale.

PURCHASE MONEY MORTGAGE

An installment sale method whereby the person receiving title to the property gives a note and a mortgage to the grantor (seller).

QUARTERLY INTEREST

Interest calculated on a loan every three months. For example if annual interest on an \$80,000 loan is 6%, then the annual interest due is \$4,800 and the quarterly interest is \$1,200.

QUIETING TITLE

Court action taken to establish ownership and / or remove a cloud from the title.

QUIT CLAIM DEED

A deed that conveys the grantor's interest in property without any warranties of title.

QUITE ENJOYMENT

The right of possession without outside interference.

RANGE

A strip of townships 6 miles wide running in a North to South direction.

RANGE LINES

Imaginary lines that run parallel to the meridian line in 6-mile intervals.

REAL ESTATE SETTLEMENT PROCEDURES

ACT (RESPA)

A federal law that requires certain procedures to be followed at closings (settlements) on first and second mortgage loans made on 1-4 family residences. Requires the lender to inform the buyers and sellers of their charges and credits related to the settlement. It prohibits kickbacks involving lenders, real estate's agents, title insurance services, appraisers, credit reports, inspections, surveys and legal services.

REAL PROPERTY

Real Estate. Includes land, improvements, perennial plantings, the air space above, subsurface rights, water related rights, anything attached permanently to the land. Seller may sell all rights or reserve a portion such as selling the surface but reserving mineral rights.

REALITY OF CONSENT

Parties enter a contract with free will, i.e. no fraud, duress, etc.

RECONCILIATION

The process of evaluating each appropriate appraisal method used in estimating value to arrive to a single and most supportable conclusion.

RECTANGULAR SURVEY SYSTEM

A method of legal description that employs the use of Base, Meridian, Township and Range lines.

REDEMPTION

The right of a property owner (mortgagor or vendee) to reclaim his/her property after losing it through court action.

REDLINING

An illegal act by a lender (or other service provider) who refuses to make loans on property located in a certain section of the city regardless of the qualifications of property or applicants, because of the residents' minority status.

REGRESSION

A larger and more expensive dwelling may lose value if it is located near smaller low-priced dwellings.

REGULATION Z

Truth-in-lending law. A federal law that requires credit institutions to inform the borrowers of the true cost of obtaining credit.

RELICION

Land is exposed when water permanently recedes.

GLOSSARY

REMAINDER ESTATE

The interest of a remainder man who is entitled to receive property after death of a life tenant.

REMAINDERMAN

A third party (person or entity) named in a deed (other than the grantor or his / her heirs) to whom the property reverts after the termination of a life estate.

REPLACEMENT COST APPROACH (COST APPROACH)

A method of appraising property best used for brand new property or property with little or no comparables. It takes into consideration the cost of the land that the building is situated on, the cost of replacement of the building as new, minus the accrued depreciation.

REPRODUCTION COST

Is the cost to produce an exact duplicate of a building.

RESCISSION

To rescind (v). The termination of a valid contract and returning to "status quo."

RESTRICTIVE COVENANT (DEED RESTRICTION)

A restriction or clause in the deed that limits the future use of property being granted.

REVERSE MORTGAGE REVERSE ANNUITY MORTGAGE

A mortgage loan arrangement used by an elderly borrower who receives regular monthly payments from the lender (secured by property) for a set period of time allowing the balance and interest accrued to be repaid at the end of that period.

RIGHT OF RESCISSION

A borrower who refinances residential property (1 – 4 family dwelling) has three business days after the day he/she closes on the loan to cancel the loan without obligation and receive a refund of any loan fees that were paid.

RIGHT OF FIRST REFUSAL

A right given to a tenant or other individual to match a price offered by a third party for the purpose of leasing or purchasing property.

RIGHT OF SURVIVORSHIP

The right of a joint tenant or a tenant by the entireties to the deceased partner's share, conveyed to him / her automatically without the process of probate.

RIGHT OF WAY

A form of easement that allows a person to pass over the property of another.

RIPARIAN RIGHTS

An owner's right in land that borders or includes a stream, river, or inland lake. The rights include access to and use of the water.

SALES COMPARISON APPROACH

Also known as the "market data approach" or "market comparison approach". Appraisal method that employs information available on comparable sold properties with adjustments made for superior and/or inferior features.

SALE-LEASEBACK

The sale of property with the seller leasing back the same.

SANDWICH LEASE

A lease created as a result of a situation where the tenant subleases his / her property to other tenants.

SCARCITY

An economic characteristic of property affecting value which represents whether or not there are other similar properties of a comparable nature within the same general area that will compete with the subject property.

SECONDARY MORTGAGE MARKET

The market that provides money to purchase existing mortgages from primary lenders.

SECTION OF LAND

Area of land equal to one square mile or 640 acres.

SELLER'S AFFIDAVIT

A sworn statement required by the title insurance company to be signed by the seller at the time of closing affirming certain required information and declaring that he/she is not aware of any clouds that were not revealed during the title search.

SEMI ANNUAL INTEREST

Interest calculated on a loan every 6 months. For example, if annual interest on an \$80,000 loan is 6%, then the annual interest due is \$4,800 and the semiannual interest due is \$2,400.

SERVIENT ESTATE (TENEMENT)

The property that is subject to an appurtenant easement and encumbered by it.

SERVIENT TENANT

The owner of the servient estate who allows the dominant tenant to cross over his / her property.

SERVICE PROVISION AGREEMENT

An employment contract between the broker and a client such as a listing or a buyer agency agreement.

GLOSSARY

SETBACK ORDINANCE

Zoning law that requires a building to be erected at a certain distance from the property line.

SETTLEMENT

Closing the transaction.

SEVERALTY OWNERSHIP

Ownership of property by one person or single entity.

SEVERANCE

The act of detaching a fixture from real estate turning it once again to chattel.

SHERIFF'S DEED

A deed issued by a court officer (a sheriff) to convey title to property sold as a result of foreclosure action.

SPECIAL AGENT

One who is authorized to represent the principal in a specific matter, typically a real estate broker.

SPECIAL ASSESSMENT

An amount due to the local government for services provided to the property such as paving the street, installing utilities, etc.

SPECIAL WARRANTY DEED

A deed that limits the grantor's warranty of title to defects arising during his / her ownership of the property.

SPECIFIC PERFORMANCE

Legal action taken to obtain a court order directing the breaching party to perform under the terms of the contract as agreed.

STATUTE OF FRAUD

A law that requires certain contracts to be in writing in order to be enforceable in a court of law.

STATUTORY LIEN

A legal lien provided by an act of law such as for unpaid property tax or income tax.

SPECIFIC LIEN

Applies to a certain parcel that is the subject of a lien such as property tax liens, mortgage liens, special assessments. In contrast, a taxpayer may face a general (blanket) lien, which applies to a group of owned properties such as an income tax lien.

STATUTE OF LIMITATIONS

A law that sets a time limit for legal action to be brought in court to enforce a valid contract.

STEERING

Directing minority persons into or away from certain neighborhoods because of their minority status.

SUB-AGENT

An agent of an agent.

SUB-LEASE CLAUSE

A lease clause that addresses the sub-leasing of the property by the tenant (lessee) to another tenant (sub-lessee). It usually requires the pre-approval of the lessor.

SUBLEASING

A tenant (lessee) acts as a landlord and lease a portion or all of the property to another tenant (sub-lessee).

SUBORDINATION CLAUSE

A clause in an instrument (such as a mortgage or lease) that places the instrument in a secondary position to a subsequent instrument or lien.

SUBPOENA

A court order obtained in the process of investigating a licensee (with the help of the Department of Attorney General) ordering a person to appear for an investigation or to present certain records.

SUBROGATION CLAUSE

A clause in an insurance policy that allows the insurance company who pays a claim to seek reimbursement from the party who caused the loss.

SUBSTITUTION

A theory used to evaluate property that takes into consideration the cost of obtaining another comparable property.

SURRENDER OF LEASE

The cancellation of a lease by mutual, bilateral agreement between the landlord (lessor) and the tenant (lessee).

TAX SHELTER

A legal means by which an investor may reduce or defer payment of tax.

TENANCY (ESTATE) AT SUFFERANCE

The tenancy created when the tenant has gained possession to the property legally but has now lost the landlord's approval to stay.

TENANCY (ESTATE) AT WILL

A rental arrangement of an indefinite duration that entitles either landlord or tenant to terminate it with legal notice.

TENANCY (ESTATE) FOR YEARS

Tenancy of a known and set duration usually created with a lease contract.

GLOSSARY

TENANCY BY THE ENTIRETIES

Interest in real estate representing ownership of the entire property by each of the husband and wife with rights of survivorship.

TENANT

A person who occupies land as a freehold or non-freehold estate.

TENANTS IN COMMON

Property is owned by two or more individuals with equal or unequal interest, each owning a proportionate share with an undivided interest without the rights of survivorship.

TERM MORTGAGE (NON-AMORTIZED)

A relatively short-term loan that does not involve regular amortized payments.

TESTATE

To die with a will.

TESTATOR

A person who dies with a will.

THE BOARD

The Board of Real Estate Brokers and Salespersons, consists of nine voting members appointed by the governor, 6 of whom must have a license and 3 that represent the public. It's duties include the interpretation of licensing requirements, aiding the department in investigations, recommending the issuance and renewal of licenses, recommending approval for educational courses, setting and adjusting minimal standards of practice, and assessing penalties against licensees who violate the rules.

THE DEPARTMENT

The Department of Licensing & Regulatory Affairs. Headed by the director who is appointed by the governor. Only the Department can issue, renew, or revoke a license.

THE GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GINNIE MAE, GNMA)

A government chartered secondary market that purchases loans made by primary lenders providing them with cash to continue their lending operations. It raises funding by selling pass-through certificates on Wall Street, which are security interests in mortgage pools.

THE SECURITY DEPOSIT ACT

The law that regulates the security deposit paid by a residential tenant. It limits the amount of the deposit to 1.5% of rent.

TIER

A strip of townships 6 miles wide running in an East – West direction.

TIME IS OF THE ESSENCE

A clause in a contract used to emphasize that the expressed time limits are not flexible and that the parties

named in a contract must act on or before a definite deadline.

TIME SHARE OWNERSHIP

Multiple purchasers buy interests in the same parcel, each of whom own a different time interval. For example one owner could own the first week of a month while another owner owns the second week of the same month.

TITLE

A group of elements that proves ownership in property.

TITLE INSURANCE

Insurance against losses resulting from a defective title.

TITLE THEORY STATES

States whose law allows a lender to receive title not a lien on the mortgaged properties.

TORRENS LAND TITLE

A system of title registration organized by some states to verify that title is vested in a certain person or entity.

TOWNSHIP

A parcel of land measuring 6 miles by 6 miles in size resulting from the intersection of Range and Township lines.

TOWNSHIP LINES

Imaginary lines running 6 miles apart parallel to the Base line.

TRADE FIXTURES

Personal property used in trade or business such as freezers, coolers, shelves, cash registers, etc.

TRANSFERABILITY

An economic characteristic of real estate referring to the ease of transferring ownership from the seller to the buyer.

TRANSFER TAX

Paid upon the recording of a deed to the local government and / or state.

TRID

Integrated Disclosure Rule that requires disclosures upon loan application and before loan settlement.

TRUST ACCOUNT (ESCROW ACCOUNT)

A non-interest bearing demand account placed with a financial institution used to keep monies received by the broker belonging to others until the consummation or termination of the transaction. If the broker also conducts property management operations, then two trust accounts must be

GLOSSARY

maintained. One for tenants deposits and rents and the other for the purchase and sale of property.

TRUSTEE

- (1) A neutral party who holds title to property to secure payment of an installment loan under a “deed of trust” arrangement.
- (2) A person or entity that is in charge of property held by a trust.
- (3) A court appointed person that handles property in bankruptcy.

UNDUE INFLUENCE

A situation created when in a close and confidential relationship one party has taken advantage of another to influence him / her to such a degree that freely given consent and understanding has been seriously impaired.

UNENFORCEABLE CONTRACT

A contract that would not be enforced by a court of law such as a contract that does not meet the statute of frauds or the statute of limitations.

UNILATERAL CONTRACT

A contract that contains a promise in exchange for an act.

UNITY OF INTEREST

The equal interest that is shared by two or more owners of property.

UNITY OF POSSESSION

The equal and undivided possession shared by two or more owners of property that entitles them to its full use and enjoyment.

UNITY OF TIME

Refers to the fact that two or more owners of property must take title at the same time.

UNITY OF TITLE

Two or more owners of property must take title through the same deed or will.

UNMARKETABLE TITLE

Clouded title that has certain defects that must be cleared. It may be as simple as an unpaid property tax bill, or it could be as serious as a deed that is missing the signature of one of the owners.

UTILITY

An economic characteristic of value representing the type of use that the subject property is most suitable for and whether or not it satisfies the need of buyers.

VA MORTGAGES

A mortgage loan issued to a veteran, which is guaranteed by the veteran's administration. It requires no down payment.

VALID CONTRACT

A legally binding contract that contains all necessary contractual elements.

VALUABLE CONSIDERATION

Something of value such as money, property or a mere promise that is exchanged in a contract to receive other goods or services. Necessary to validate the contract.

VALUATION

The act of estimating value of property.

VENDEE

An installment purchaser of property on a land contract agreement.

VENDOR

The seller of property under a land contract arrangement who is entitled to receive payments and is the holder of “Naked Title”.

VETERAN'S ADMINISTRATION GUARANTEED FINANCING (VA)

A loan that is initiated to individuals who have served in the military forces. It requires no down payment and is guaranteed by the Veteran's Administration.

VOID

Not binding or unenforceable.

VOIDABLE CONTRACT

A contract that may be enforced or voided by a party to the transaction who is “legally injured.”

WARRANTY DEED

A deed whereby the grantor covenants (promises) to the grantee protection against any future claims of title by a third party.

WRIT OF ATTACHMENT

Obtained to stop an owner from disposing of property until a lawsuit that affects the marketability of the property has been decided.

WRIT OF RESTITUTION

A court order authorizing a sheriff to evict occupants after the sale of property in a sheriff's sale and the expiration of the redemption period.

ZONING

Regulating the use of property by the local government to insure proper development of the community.

ZONING VARIANCE

Zoning permission allowing the introduction of a non-conforming use.