

# Real Estate Term Glossary

## A

### **Abandonment**

The voluntary relinquishment of rights of ownership or another form of interest (an easement) by failure to use the property over an extended period.

### **Abstract (Of Title)**

A summary of the public records relating to the title to a particular piece of land. An attorney or title insurance company reviews an abstract of title to determine whether there are any title defects that must be cleared before a buyer can purchase clear, marketable, and insurable title.

### **Acceleration Clause**

Condition in a mortgage that may require the balance of the loan to become due immediately. If regular mortgage payments are not made or there is a breach of other conditions, full payment of the mortgage will be due.

### **Acceptance**

A legal term denoting acceptance of an offer. A buyer offers to buy and the seller accepts the offer.

### **Acknowledgment**

A formal declaration by a person who has executed a document that he did, in fact, execute (sign) the document. An acknowledgement is signed in the presence of a notary public or other authorized official.

### **Acre**

A measure of land equal to 160 sq. rods (43,560 sq. ft.). An acre is approximately 209' x 209'.

### **Addendums**

Additions to a contract, sometimes called attachments or exhibits. Items added to a document, letter, contract, or escrow instructions, etc.

### **Adverse Possession**

Method of acquiring title of a property by open and notorious possession. Laws vary from state to state.

### **Agency**

(a) The relationship that exists when a person (known as the principal) contracts with another (the agent) to perform an act in that person's stead. (b) Common term for a company offering representation.

### **Agency Disclosure**

A state-mandated form that describes representation options available to the buyer that must be presented to all buyers at the first "meaningful meeting."

### **Agent**

A person authorized by another to act on his or her behalf.

### **Agreement of Sale**

Known by various names such as "contract of purchase," "purchase agreement," or "sales agreement" according to location or jurisdiction. A contract in which a seller agrees to sell and a buyer agrees to buy under certain specific terms and conditions -- spelled out in writing and signed by both parties.

### **Alienation Clause**

A clause within a loan instrument requiring a debt to be paid in its entirety upon the transfer of ownership of the secured property. Also called a "due on sale" clause.

### **Amortization**

A payment plan that enables the borrower to gradually reduce his debt through monthly payments of principal.

### **Amortization Schedule**

A table that lists the percentage of each payment which consists of interest and principal.

**Appraisal**

An expert judgment or estimate of the quality or value of real estate as of a given date.

**Asking Price**

The price that a seller is requesting for his property, specified in a listing contract.

**Assessed Value**

Value placed on property by the tax assessor.

**Assessment**

The valuation of property for the purpose of levying a tax. An assessment also refers to the amount of tax levied.

**Assessor**

One appointed to assess property for taxation.

**Assignment**

A transfer of the whole of any property (real or personal) or of any estate or right therein. To assign is to transfer.

**Assumption of Mortgage**

An obligation undertaken by the purchaser of property to be personally liable for payment of an existing mortgage. In an assumption, the purchaser is substituted for the original mortgagor in the mortgage instrument, and the original mortgagor is released from further liability. In the assumption, the mortgagee's consent is usually required.

**Attachment**

Seizure of property by court order, usually done in a pending law suit to make property available in case of judgment.

**B**

**Balloon Payment**

The final installment paid at the end of the term of a note - used only when preceding installments were not sufficient to pay the note in full.

**Bill of Sale**

An instrument used to transfer personal property.

**Binder or "Offer to Purchase"**

A preliminary agreement that is secured by the payment of earnest money (between a buyer and seller) as an offer to purchase real estate. A binder secures the right to purchase real estate at agreed upon terms for a limited period of time. If the buyer changes his mind or is unable to purchase, the earnest money is forfeited unless the binder expressly provides that it is to be refunded.

**Blanket Mortgage (Trust Deed)**

A single mortgage or trust deed covering more than one piece of real estate.

**Bond**

(a). An insurance agreement by which one party is insured against loss or default by a third party. In the construction business, a performance bond ensures the interested party that the contractor will complete the project. (b) A method of financing debt by a government or corporation. A bond is interest bearing and has priority over stock in terms of security.

**Breach**

Violation of an obligation in a contract.

**Broker, Real Estate**

An agent licensed by the state to carry on the business of operating in real estate. He usually receives a commission for bringing together buyers and sellers or owners and tenants in exchange agreements.

**Broker's Commission**

A section of the "offer to purchase" and the "purchase and sale agreement" outlining the real estate broker's fees.

**Building Code**

A set of stringent laws that control the construction of buildings, design, materials and other similar factors.

**Built-Ins**

Items that are not movable, such as stoves, ovens, microwave ovens, or dishwashers.

**Buyer Broker**

A real estate agent who specializes in representing the purchaser. Some agents who specialize in this area are referred to as Exclusive Buyers Agents and do not list properties. Most real estate agents throughout the USA & Canada who work with many of the more commonly known franchises to list property and sell as well.

**Buyers Market**

A market condition that occurs in real estate when more homes are for sale than there are interested buyers.

**C****Capital Cost Allowance**

Decline in value of a house due to wear and tear and/or adverse changes in the neighborhood or any other reason.

**Capital Gains**

A term used for income tax purposes that represents the gain realized from the sale of an asset less the purchase price.

**Capitalization**

An appraising term used in determining value by considering net operating income and a percentage of reasonable return on investment.

**Cash Flow**

The owner's "spendable" income after operating expenses and debt service is deducted.

**CCIM**

The highest designation of commercial specialists is the CCIM, Certified Commercial Investment Member, conferred by the Commercial Investment Real Estate Institute of NAR.

**Certificate of Title**

A certificate issued by a title company or a written opinion rendered by an attorney that the seller has good marketable and insurable title to the property that he is offering for sale. A certificate of title offers no protection against any hidden defects in the title that an examination of the records could not reveal. The issuer of a certificate of title is liable only for damages due to negligence. The protection offered a homeowner under a certificate of title is not as great as that offered in a title insurance policy.

**Chain Of Title**

A history of conveyances and encumbrances affecting the title as far back as records are available.

**Closing**

In the sale of real estate, it is the final moment when all documents are executed and recorded, and the sale is complete

**Closing Costs**

The expenses which buyers and sellers normally incur to complete a transaction in the transfer of ownership of real estate. These costs are in addition to the price of the property and are items prepaid at the closing day.

**Closing Date**

The date on which the title to the property changes hands.

**Closing Statement**

A list of the final accounting of all funds and disbursements of both the buyer and seller. The closing statement is usually given at the completion of a real estate transaction.

**CMA -See Comparative Market Analysis****Code of Ethics**

The rules and regulations required by all members of the National Association of Realtors.

**Commission**

Money paid to a real estate agent or broker by the seller as compensation for finding a buyer and completing the sale. Usually it is a percentage of the sale price (6 to 7 percent on houses, 10 percent on land.).

**Commitment Letter**

A letter from the lending institution giving formal approval for a mortgage loan.

**Common Area**

That area owned in common by owners of condominiums and planned site development homes within a subdivision.

**Community Property**

Both real and personal property accumulated by a husband and wife after marriage through joint efforts of both living together.

**Comparative Market Analysis (CMA)**

A service normally provided by real estate agents prior to either listing a property or to making an offer to purchase a property on the behalf of a purchaser. The true purpose of a CMA is to establish a current estimated market price of a property. This is accomplished by researching both the currently listed properties and the most recently sold properties, in the same area, with as similar characteristics as the property in question. This information is usually provided to homeowners to help them establish a fair market selling price; it may also be given to a prospective purchaser to help guide them in making a proper offer. Some real estate agents perform this service for free while others may charge as much as \$300 for this information.

**Condemnation**

A declaration by governing powers that a structure is unfit for use.

**Conditional Sales Contract**

A contract for the sale of property gives the buyer possession and use, but the seller retains title until the conditions of the contract have been fulfilled. Also known as a land contract.

**Condominium**

Individual ownership of a dwelling unit and an individual interest in the common areas and facilities that serve the multi-unit project.

**Consideration**

Anything of value given to induce someone into entering into a contract.

**Construction Loan**

The short-term financing of improvements on real estate. Once the improvements are completed, a "take out" loan for a longer term is usually issued.

**Contingency**

A condition upon which a valid contract is dependent. Typically found in the "offer to purchase" and the "purchase and sale agreement." For example, the sale of a house is contingent upon the buyer obtaining adequate financing.

**Contract**

An agreement between two or more parties, written or oral, to do or not to do certain things.

**Contractor**

In the construction industry, a contractor is one who contracts to erect buildings or portions of them. There are also contractors for each phase of construction - heating, electrical, plumbing, air conditioning, road building, bridge and dam erection, and others.

**Conventional Mortgage**

A mortgage loan not insured by HUD or guaranteed by the Veterans' Administration. Subject to conditions established by the lending institution and state statutes. The mortgage rates may vary with different institutions and between states. (States have various interest rate limits)

**Conveyance**

The transfer of title to land from one owner to the next.

**Co-Op Housing**

An apartment building or a group of dwellings owned by a corporation; the stockholders are the residents of the dwellings. It is operated for their benefit by their elected board of directors. In a cooperative, the corporation or association owns title to the real estate. A resident purchases stock in the corporation that entitles him to occupy a unit in the building or property owned by the cooperative. While the resident does not own his unit, he has an absolute right to occupy his unit for as long as he owns the stock.

**Counter Offer**

An offer in response to an offer. A offers to buy B's house for \$20,000, which is listed for \$22,000. 'B' counter offers 'A's' offer by stating that he will sell the house to 'A' for \$21,000. The \$21,000 is the counter offer.

**Covenants**

Agreements written into deeds and other instruments stating performance or non-performance of certain acts or noting certain uses or non-uses of property.

**Credit Report**

A report on a buyer's credit history required by the lender before approval of a loan.

**Credit Score**

A potential borrower's composite of available credit, outstanding credit, and payment history.

**D****Debt Service**

The total amount of the loan payment including principal and interest.

**Deed**

A formal written instrument by which title to real property is transferred from one owner to another. The deed should contain an accurate description of the property being conveyed, should be signed and witnessed according to the laws of the state where the property is located, and should be delivered to the purchaser at closing. There are two parties to a deed, the grantor and the grantee. (See also deed of trust, general warranty deed, quitclaim deed, and special warranty deed.)

**Default**

Failure to make mortgage payments as agreed in a contract based on the terms and at the designated time set forth in the mortgage or deed of trust. It is the mortgagor's responsibility to remember the due date and send the payment prior to the due date, not after. In the event of default, the mortgage may give the lender the right to accelerate payments, take possession and receive rents, and start foreclosure. Defaults may also result from the failure to observe other conditions in the mortgage or deed of trust.

**Down Payment**

The amount of money to be paid by the purchaser to the seller upon the signing of the agreement of sale. The agreement of sale specifies the down payment amount and will acknowledge receipt of the down-payment. The down-payment is the difference between the sales price and maximum mortgage amount. The down-payment may not be refundable if the purchaser fails to buy the property without good cause. If the purchaser wants the down-payment to be refundable, he should insert a clause in the agreement of sale, specifying the conditions under which the deposit will be refunded, if the agreement does not already contain such clause. If the seller cannot deliver good title, the agreement of sale usually requires the seller to return the down-payment and to pay interest and expenses incurred by the purchaser.

**E****Earnest Money**

The deposit money given to the seller or his agent by the potential buyer upon the signing of the "agreement of sale" to show that he is serious about buying the house. If the sale is transacted, the earnest money is applied against the down-payment. If the sale falls through, the earnest money will be forfeited or lost unless the binder or offer to purchase expressly provides that it is refundable.

**Easement Rights**

A right-of-way granted to a person or company authorizing access to or over the owner's land. An electric company obtaining a right-of-way across private property is a common example.

**Economic Obsolescence**

Loss of useful life and desirability of a property through economic forces, such as change in zoning, changes in traffic flow, etc. -- rather than deterioration.

**Encroachment**

An obstruction, building, or part of a building that intrudes beyond a legal boundary onto neighboring private or public land.

**Encumbrance**

A legal right or interest in land that affects a good or clear title and diminishes the land's value. It can take numerous forms, such as zoning ordinances, easement rights, claims, mortgages, liens, charges, a pending legal action, unpaid taxes, or restrictive covenants. An encumbrance does not legally prevent transfer of the property to another. A title search is all that is usually done to reveal the existence of such encumbrances. The buyer must decide if he wants to purchase with the encumbrance or find out what can be done to remove it.

**Equity**

The value of a homeowner's unencumbered interest in real estate. Equity is computed by subtracting the property's fair market value from the total of the unpaid mortgage balance and any outstanding liens or other debts against the property. A homeowner's equity increases as he pays off his mortgage or as the property appreciates in value. When the mortgage and all these debts against the property are paid in full, the homeowner has 100% equity in his property.

**Escalation Clause**

A clause in a lease providing for an increased rent at a future time due to increased costs to lessor, as in cost of living index, tax increases, etc.

**Escheat**

The reverting of property to the state in the absence of heirs.

**Escrow**

Funds paid by one party to another (the escrow agent) to hold until the occurrence of a specified event, after which the funds are released to a designated individual. In FHA mortgage transactions an escrow account usually refers to the funds a mortgagor pays the lender at the time of the periodic mortgage payments. The money is held in a trust fund for the buyer. Such funds should be adequate to cover yearly anticipated expenditures for mortgage insurance premiums, taxes, hazard insurance premiums, and special assessments.

**Escrow Account**

(a) An account maintained by a real estate broker, attorney, or escrow agent in an insured bank for the deposit of other people's money. (b) An account maintained by the borrower with the lender in certain mortgage loans used to accumulate the funds to pay annual insurance premiums, real estate taxes, or home owner's association assessments.

**Estate**

The ownership interest of a person in real property. Is also used to refer to a deceased person's property. Estate is also a term used to describe a large home with spacious grounds.

**Exclusions**

A section of the "offer to purchase agreement" designed to exhibit anything the buyer or seller would not like included with the real estate (i.e. rusted swing set in yard).

**Exclusive Buyer Representation**

An agency relationship between a buyer and a broker that cannot result in dual agency.

**Executed Contract**

An agreement that has been fully performed.

**Expiration Date and Time**

A section of the "offer to purchase agreement" designed to give the offer a time limit after which the offer is withdrawn.

**Extensions**

Written or verbal extensions of dates in the "offer to purchase" and the "purchase and sale agreement."

## **F**

### **Fair Market Value**

That price a property will bring between a willing buyer and a willing seller.

### **Fee Simple**

Ownership of title to property without any limitation that can be sold, left at will, or inherited.

### **Fiduciary Duties**

An obligation of trust imposed on an agent toward his/her principal. These duties include loyalty, disclosure, confidentiality, obedience, reasonable care, due diligence, and accountability for funds and documents under the agent's control. Every agent has a fiduciary responsibility to the principal, once they are engaged.

### **Financing Acceptance Deadline -**

The date in the "offer to purchase agreement" that the buyer expects to have the loan commitment from the bank. This deadline may be used to nullify the sales contract if the mortgage is not obtained.

### **Fixed Rate Loan**

A loan that has an unchanging interest rate.

### **Fixtures**

Items affixed to buildings or land usually in such a way that they cannot be moved without damage to themselves or the property, such as plumbing, electrical fixtures, trees, etc.

### **Foreclosure**

A legal term applied to any of the various methods of enforcing payment of the debt secured by a mortgage or deed of trust by taking and selling the mortgaged property and depriving the mortgagor of possession.

### **Front Footage**

The linear measurement along the front of a parcel. That portion of the parcel that fronts the street or walkway.

### **FSBO (For Sale By Owner)**

A home that is being sold by the owner of the property without the representation of a broker.

### **Functional Obsolescence**

Loss in value due to out-of-date or poorly designed equipment due to the invention of newer equipment and structures..

## **G**

### **General Warranty Deed**

A deed which conveys not only all the grantor's interests in and the title to the property to the grantee, but also warrants that if the title is defective, such as mortgage claims, tax liens, title claims, judgments, or mechanic's liens against it, the grantee may hold the grantor liable.

### **Good Faith Estimate**

A required statement from the lender that shows all of the expected closing costs.

### **Grantee**

That party in the deed that is the buyer or recipient.

### **Grantor**

That party in the deed that is the seller or giver.

### **Ground Lease**

A lease of vacant land

## **H**

### **Hard Credit Report -**

A report on one's credit history that is a compilation of the three credit bureaus.

**Hazard Insurance -**

Protects against damages caused to property by fire, windstorms, and other common hazards.

**Home Owners Association -**

An association of homeowners within a community formed to improve and maintain the quality of the community. An association formed by the developer of condominiums or planned developments.

**HUD**

U.S. Department of Housing and Urban Development. Office of housing/Federal Housing Administration within HUD insures home mortgage loans made by lenders and sets minimum standards for such homes.

**I****Inclusions**

A section of the offer to purchase designed to exhibit any extra items the buyer or seller would like to be included with the real estate (i.e. personal property).

**Inspections**

The analysis of the home to find any defects that may exist.

**Interest**

Money paid to a lender as compensation for money that is borrowed.

**Involuntary Lien**

A lien that attaches to property without the consent of the owner such as a tax or mechanic's lien.

**J****Joint Tenancy**

Joint ownership by two or more persons with right of survivorship. Upon the death of a joint tenant, his interest does not go to his heirs but to the remaining joint tenants.

**L****Lease**

A contract between the owner of real property, called the lessor, and another person referred to as the lessee, covering all conditions by which the lessee may occupy and use the property.

**Lease with Option to Purchase**

A lease which allows the lessee the option to purchase the leased property. The terms of the purchase option must be set forth in the lease.

**Legal Description**

The geographical identification of a parcel of land.

**Lessee**

One who contracts to rent property under a specified lease.

**Lessor**

An owner who contracts into a lease with a tenant (lessee).

**Lien**

A claim by one person on the property of another as security for money owed. Such claims may include obligations not met such as judgments, unpaid taxes, materials, or labor. (See also Special Lien.)

**Life Estate**

An estate in real property for the life of a person

**Listing**

(a) A property included in the multiple listing service. (b) A written agreement between a seller and a broker authorizing the broker to procure a buyer or tenant for his/her real estate.

**Listing Agent**



The broker employed by a principal to market a property.

**Living Trust**

A trust agreement into which the title to property and assets can be transferred to avoid probate. A Trust is created when a living person (the Trustor) agrees to let someone (the Trustee) hold title to property for the benefit of someone (the Beneficiary).

**Loan Fee**

Also known as points, discount points or origination fee, this is a one time charge by a lender as compensation for their services. One point equals 1% of the mortgage amount.

**Loan Originator**

A person who works for the lending institution whose job it is to meet with potential borrowers to discuss loan options, rates, etc.

**M**

**Market Analysis**

An analysis performed to determine the current value of a property based on recently sold comparable properties, comparable properties that are currently for sale and the current overall market conditions.

**Marketable Title**

A title that is free and clear of objectionable liens or other title defects. A title that enables an owner to sell his property freely to others and one which others will accept without objection.

**Mechanic's Lien**

A lien on a specific property for labor or materials used to improve the property. Generally filed by a contractor when the homeowner does not pay for the labor and materials used for improving the homeowners property.

**Mortgage**

A legal document that pledges property to a creditor for the repayment of the loan, as well as the term used to describe the loan itself. Some states use the term First Trust Deeds to refer to mortgage loans.

**Mortgage Commitment**

A written commitment from the lending institution to provide a mortgage to the buyer for a specific property.

**Mortgage Contingency**

A contingency in the offer to purchase and/or the purchase and sale agreement which protects the buyers in case they are unable to get a mortgage by the commitment date specified in the contract.

**Mortgagee**

The lender in a mortgage agreement.

**Mortgagor**

The borrower in a mortgage agreement.

**Multiple Listing**

A listing of a property for sale by an organization of brokers whereby all members of the organization have an opportunity to sell the property.

**Multiple Listing Service**

A service provided to real estate agents that lists homes under a seller's representation agreement and may be available for sale. A computerized database of all homes listed by real estate agents.

**N**

**Notary Public**

One who is authorized by federal or local government to attest to authentic signatures and administer oaths.

**Note**

A written instrument acknowledging a debt and promising payment.

## **O**

### **Offer**

A presentation to form a contract or agreement to buy or sell an property.

### **Offer to Purchase Agreement**

The agreement between a buyer and seller for a specified price and terms or conditions.

### **Option**

A right given, for consideration, to purchase or lease property upon stipulated terms within a specific period of time.

### **Origination Fee**

Application fee(s) imposed by a lender for processing a proposed mortgage.

## **P**

### **Personal Property**

All property that is not land and is not permanently attached to land; everything that is moveable.

### **PITI**

Principal, interest, taxes, and insurance. This is your monthly mortgage payment.

### **Plot**

A map or chart of a lot, subdivision or community drawn by a surveyor showing boundary lines, buildings, improvements on the land, and easements.

### **PMI – See Private Mortgage Insurance**

### **Points**

Sometimes called "discount points." A point is one percent of the amount of the mortgage loan. For example, if a loan is for \$25,000, one point is equal to \$250. Points are charged by a lender to raise the yield on his loan at a time when money is tight, interest rates are high, and there is a legal limit to the interest rate that can be charged on a mortgage. Buyers are prohibited from paying points on HUD or Veterans' Administration guaranteed loans (sellers can pay, however). On a conventional mortgage, points may be paid by either buyer or seller or split between them.

### **Pre-approval**

A pre-commitment from a lending institution to a buyer based on background checks, hard credit reports and review by an underwriter.

### **Prepayment**

Payment of mortgage loan, or part of it, before the due date. Mortgage agreements sometimes restrict the right of prepayment either by limiting the amount that can be prepaid in any one year or charging a penalty for prepayment

### **Prepayment Penalty**

A penalty within a note, mortgage, or deed of trust imposing a penalty if the debt is paid in full before the end of its terms.

### **Prequalifying**

The lender's process of judging if a borrower is creditworthy and capable of making payments on a loan.

### **Principal**

The basic element of the loan as distinguished from interest and mortgage insurance premium. In other words, principal is the amount upon which interest is paid.

### **Private Mortgage Insurance (PMI)**

A type of insurance required by many lenders when a borrower's down payment is less than 20% of the purchase price.

**Promissory Note**

A written promise to pay a debt as set forth in writing.

**Property Tax and Insurance Escrow**

Money collected monthly by the lender and held to pay taxes and insurance when due.

**Purchase and Sale Agreement**

A detailed document(s) regarding the agreement between the buyer and seller on the price and other terms and conditions of the transaction written in "legalese."

**R****Real Estate**

Land and everything permanently attached to the land, sometimes used interchangeably with the terms real property and realty.

**Real Estate Agent**

A licensed person who works under the direction of a broker selling and renting real estate.

**Real Estate Broker**

(a) A person or organization who negotiates real estate sales, exchanges, or remittals for others for compensation or a promise of compensation. (b) Supervisor of real estate salespeople.

**Real Estate Salesperson**

A person performing any of the acts included in the definition of real estate broker but while associated and supervised by a real estate broker.

**Realtor**

A real estate broker holding membership in a real estate board affiliated with the National Association of Realtors.

**Recording Deed**

Entering the deed (owner's title) in public records to protect against subsequent claimants.

**Refinancing**

The process of the same mortgagor paying off one loan with the proceeds from another loan.

**Representation Agreement**

A mutual contractual agreement between the agency and the client committing services and fiduciary duties to the client.

**Restrictive Covenants**

Private restrictions limiting the use of real property. Restrictive covenants are created by deed and may "run with the land," binding all subsequent purchasers of the land, or may be "personal" and binding only between the original seller and buyer. The determination whether a covenant runs with the land or is personal is governed by the language of the covenant, the intent of the parties, and the law in the state where the land is situated. Restrictive covenants that run with the land are encumbrances and may affect the value and marketability of title. Restrictive covenants may limit the density of buildings per acre, regulate size, style or price range of buildings to be erected, or prevent particular businesses from operating or minority groups from owning or occupying homes in a given area.

**RREI**

Residential Real Estate Inspector (RREI) or Commercial Real Estate Inspector (CREI) are both members of the Foundation of Real Estate Appraisers (FREA).

**S**

**Sales Agreement** - See Agreement of Sale.

**Seller Representation**

Offered by firms representing sellers (might offer buyer representation as well)

**Seller's Market**

A market condition when there are more interested buyers than there are properties for sale.

**Setback**

The distance from the front or interior property line to the point where a structure can be located.

**Smoke Detector Certificate**

Written verification from a municipality that the smoke detectors in a home meet the necessary standards.

**Soft Credit Report**

A report on one's credit history from one of the credit bureaus.

**Special Assessments**

A special tax imposed on property, individual lots, or all property in the immediate area, for road construction, sidewalks, sewers, street lights, etc.

**Special Conditions**

A section of the "offer to purchase agreement" designed to exhibit any special circumstances, contingencies or addendums desired by the buyer or seller.

**Special Lien**

A lien that binds a specified piece of property, unlike a general lien, which is levied against all one's assets. It creates a right to retain something of value belonging to another person as compensation for labor, material, or money expended in that person's behalf. In some localities it is called "particular" lien or "specific" lien. (See Lien )

**Special Warranty Deed**

A deed in which the grantor conveys title to the grantee and agrees to protect the grantee against title defects or claims asserted by the grantor and those persons whose right to assert a claim against the title arose during the period the grantor held title to the property. In a special warranty deed, the grantor guarantees to the grantee that he has done nothing that has impaired the grantee's title during the time he held title to the property.

**State Stamps**

See Documentary Stamps.

**Sub-agent**

A real estate agent working for a principal through another real estate agent or agency.

**Survey**

A map or plot made by a licensed surveyor showing the results of measuring the land with its elevations, improvements, boundaries, and its relationship to surrounding tracts of land. A survey is often required by the lender to assure him that a building is actually sited on the land according to its legal description.

**T****Tax**

A fee or levy imposed on persons, property or income by a government agency.

**Term**

The length of time in which a loan is to be paid off.

**Terms and Conditions**

The negotiable issues outlined in the "offer to purchase agreement" and the "purchase and sale agreement."

**Title**

A document establishing ownership of a specific parcel of real estate.

**Title Insurance**

Protects lenders or homeowners against loss of their interest in property due to legal defects in title.

**Title V Examination**

A test put together by the state EPA that must be performed on all private sewerage systems.

**Title Search or Examination**

A check of the title records, generally at the local courthouse, to make sure the buyer is purchasing a house from the legal owner and there are no liens, overdue special assessments, or other claims or outstanding restrictive covenants filed in the record that would adversely affect the marketability or value of title.

**Trustee**

A party who is given legal responsibility to hold property in the best interest of or "for the benefit of" another. The trustee is one that is placed in a position of responsibility for another, a responsibility enforceable in a court of law. (See Deed of Trust)

**U**

**Underwriter**

The person in the lending institution whose job it is to review loan documentation and evaluate the borrower's ability and willingness to repay the loan.

**Undisclosed Dual Agency**

An illegal situation that arises when a real estate broker represents both parties but does not inform one or more of the parties.

**V**

**Variable Interest Rate**

A fluctuating interest rate that can go up or down depending on the going market rate.

**Voluntary Lien**

A voluntary lien by the owner such as a mortgage, as opposed to involuntary liens (taxes).

**W**

**Walk-through**

A final inspection of the property before closing to see that all agreed to repairs, etc. have been completed and that the property is in the condition the buyer expects.

**Warranties and Representations**

A section of the "offer to purchase agreement" designed to exhibit representations or warranties made by the real estate brokers or the seller.

**Wrap-Around Mortgage**

A second mortgage that is subordinate to but includes the face value of the first mortgage.

**Z**

**Zoning Ordinances**

The acts of an authorized local government establishing building codes and setting forth regulations for property land usage.