

Term	Definition
1-year Treasury Bill	One of several indices referenced by lenders to adjust the rate of an adjustable rate mortgage. This index is one of the most volatile.
5/1 ARM	A common type of adjustable rate mortgage with an introductory fixed rate period of five years followed by an annually-adjusted interest rate for the life of the mortgage.
10-year Treasury Note	A leading indicator of the direction of future fixed rate mortgage (FRM) rates. Influenced by worldwide demand for the dollar and anticipated future domestic consumer inflation.
20-day preliminary notice	Notification of a subcontractor's right to record and foreclose a mechanic's lien against property when they are not paid.
80-10-10 financing	A first mortgage recorded concurrent with a seller carryback for 10% of the price on a 10% down payment by the buyer, a private piggyback financing arrangement.
91-Day Treasury Bill	The rate used by sellers to impute and report interest when a seller is not paid interest on their §1031 monies.
§1031 transaction	A sales transaction in which sales proceeds are reinvested by the acquisition of a replacement like-kind property, the profits on the sale deferred until the investment is cashed out. [See RPI Form 354 and 355]
§1031 cooperation provision	A statement in purchase agreements putting the seller and buyer on notice they are able to avoid profit reporting on the transaction and provides cooperation when a §1031 exemption is intended on the sale or purchase of a property.
abandonment	The termination of an easement when the easement holder's actions demonstrate a clear intent to permanently abandon all future use of the easement. [See RPI Form 581]
abatement of nuisance	Extinction or termination of a nuisance.
Abenomics	An economic plan introduced by Japanese Prime Minister Shinzo Abe to revive their 20 years of stagnant economy through aggressive fiscal stimulus, monetary easing from the central bank and employment reforms.
ability-to-repay (ATR) rules	A federal standard for determining an applicant's ability to repay a consumer mortgage.
absentee buyers	A group composed of speculators, buy-to-let investors and renovation contractors.
absolute assignment of rents	A present transfer of all the owner's rights, title and interest in the rents generated by the real estate. Compare with conditional assignment of rents.
absolutely privileged publication	Any statement made as part of a legislative, judicial or other official proceeding authorized by law, barring a slander of title action.
absorption rate	The estimated time required to sell or lease property within a designated area at its fair market value.
abstract of judgment	A condensed written summary of the essential holdings of a court judgment.
abstract of title	A representation issued by a title company as a guarantee to the named person, not an insurance policy, listing all recorded conveyances and encumbrances affecting title to the described real estate.
abstraction	A method of valuing land. The indicated value of the improvement is deducted from the sale price.
accelerated cost recovery system (ACRS)	The system for figuring depreciation (cost recovery) for depreciable real property acquired and placed into service after January 1, 1981.
accelerated depreciation	A method of cost write-off in which depreciation allowances are greater in the first few years of ownership than in subsequent years. This permits an earlier recovery of capital and a faster tax write-off of an asset.
acceleration	A demand for immediate payment of all amounts remaining unpaid on a mortgage or extension of credit by a lender or carryback seller.
acceleration clause	A condition in a real estate financing instrument giving the lender the power to declare all sums owing lender immediately due and payable upon the happening of an event, such as sale of the property, or a delinquency in the repayment of the note.
acceptance	The act of agreeing or consenting to the terms of an offer thereby establishing the meeting of the minds that is an essential element of a contract.

access right	The right of an owner to have ingress and egress to and from the owner's property over adjoining property.
accession	An addition to property through the efforts of man or by natural forces.
accommodation party	An individual who signs a note to include liability for a debt evidenced by the note and receives no direct benefit from the debt.
accretion	Accession by natural forces, e.g., alluvium.
accrual note	An installment note calling for payments to be credited first to accrued interest with the remainder to principal. [See RPI Form 420]
accrued depreciation	The difference between the cost of replacement new as of the date of the appraisal and the present appraised value.
accrued items of expense	Those incurred expenses which are not yet payable. The seller's accrued expenses are credited to the purchaser in a closing statement.
acknowledgment	A formal declaration made before an authorized person, e.g., a notary public, by a person who has executed an instrument stating that the execution was his or her free act. In this state an acknowledgment is the statement by an officer such as a notary that the signatory to the instrument is the person represented to be.
acoustical tile	Blocks of fiber, mineral or metal, with small holes or rough-textured surface to absorb sound, used as covering for interior walls and ceilings.
acquisition	The act or process by which a person procures property.
acre	A measure of land equaling 160 square rods, or 4,840 square yards, or 43,560 square feet, or a tract about 208.71 feet square.
active license	A license status which allows an individual California Bureau of Real Estate (CalBRE) licensee to perform mortgage loan originator (MLO) services as an employee of a Department of Business Oversight (DBO) MLO.
activity sheet	A control sheet documenting all the activity within the broker's office due to the existence of a property listing or buyer listing to locate property. [See RPI Form 520]
actual authority	Authority expressly given by the principal or given by the law and not denied by the principal.
actual fraud	An act intended to deceive another, e.g., making a false statement, making a promise without intending to perform it, suppressing the truth.
actual money losses	Monetary losses recovered for injury to the real estate, lost use of the property, personal injury or injury to the occupant's personal property, also called damages.
actual notice	Express or implied knowledge of conditions which exist on a property.
ad valorem	Real estate taxes imposed on property based on its assessed value. [See RPI Form 552-2 §5.1]
add-on note	A note in which interest is charged on the original loan amount for the entire term of the loan, then added to the original loan amount to set the total amount of principal and interest to be paid over the life of the note, payable in equal monthly installments.
addendum	An attachment to a contract, rental or lease agreement for incorporating any provision agreed to but not included in the boilerplate provisions of the agreement. [See RPI Form 250]
additional contributions provision	A provision in the limited liability company (LLC) operating agreement authorizing the member manager to request additional capital contributions from the contributing members when operating conditions produce a cash operating deficit. [See RPI Form 372-2 §2.1b]
adhesion contract	An agreement in which one party has dramatically superior bargaining strength, forcing the weaker party to either accept or reject all the agreement's stated terms, a dynamic present to some degree in all lender/borrower relationships.
adjustable rate mortgage (ARM)	A note with an interest rate that varies based on a chosen index figure plus a set margin, the rate usually adjusting on an annual basis subject to annual and lifetime ceiling and floor rate limitations. [See RPI Form 320-1]
adjusted basis	The cost basis of a property after the application of additions for further improvements and deductions for destruction of improvements and depreciation.
adjusted gross income (AGI)	The total of the taxpayer's reportable income and losses from all three income categories.

adjustment interval	The predetermined period of time after which the interest rate and payment amount on an adjustable rate mortgage (ARM) or other variable rate mortgage is recast.
adjustments	In appraising, a means by which characteristics of a residential property are regulated by dollar amount or percentage to conform to similar characteristics of another residential property.
administrative agencies	A government entity created by the state or federal legislature and local governing bodies to oversee specialized matters. Most have legislative, executive and judicial authority.
administrator	A person appointed by the probate court to administer the estate of a deceased person who died intestate. (Administratrix, the feminine form.)
adobe	Also known as clay, adobe soil is a naturally occurring heavy material which readily cracks and is composed primarily of fine-grained minerals.
advance	Transfer of funds from a lender to a borrower in advance on a loan.
advance commitment	The institutional investor's prior agreement to provide long-term financing upon completion of construction; also known as a take-out loan commitment.
advance cost sheet	An itemization of the costs incurred to properly market a property for sale which are to be paid by the owner. [See RPI Form 107]
advance costs	Deposits handed to a broker to cover out-of-pocket costs incurred on behalf of the depositor while performing brokerage services.
advance fee	A fee paid in advance of any services rendered.
adverse action notice	A disclosure notifying the applicant a negative action has been taken on their consumer mortgage application due to an unfavorable credit history, as required by the Fair Credit Reporting Act (FCRA).
adverse possession	A method of acquiring title to real estate owned by another by openly maintaining exclusive possession of the property for a period of five years and paying all property taxes.
advertising	Communication of marketing materials by licensees, such as property fliers, classified ads or first-contact brochures.
affiant	One who makes an affidavit or gives evidence.
affidavit	A statement or declaration reduced to writing sworn to or affirmed before some officer who has authority to administer an oath or affirmation.
affidavit of title	A statement, in writing, made under oath by seller or grantor, acknowledged before a Notary Public in which the affiant identifies himself or herself and affiant's marital status certifying that since the examination of title on the contract date there are no judgments, bankruptcies or divorces, no unrecorded deeds, contracts, unpaid repairs or improvements or defects of title known to affiant and that affiant is in possession of the property.
affiliated business arrangement (ABA)	A business arrangement in which a broker may lawfully profit from referring a client to a service provider the broker owns; requires the broker to make a disclosure of their ownership interest to the client. [See RPI Form 205 and 519]
affirm	To confirm, to aver, to ratify, to verify. To make a declaration.
affirmative covenant	A recorded restriction limiting the use of a property to a specific purpose.
affirmative duty	An agent's obligation to voluntarily undertake an advisory activity when in a fiduciary relationship.
affirmative fraud	Intentionally and knowingly misrepresenting information to someone.
agency	The relationship between principal and the principal's agent which arises out of a contract, either expressed or implied, written or oral, wherein the agent is employed by the principal to do certain acts dealing with third parties. [See RPI Form 305]
agency confirmation provision	A provision in all purchase agreements and counteroffers disclosing the agency of each broker in the transaction.
agency disputes	Disputes between an agent and their client which arise during the marketing period, in escrow or after closing.
agency duty	The fiduciary duty a broker owes a client to use diligence in attaining the client's real estate goals. [See RPI Form 305]
Agency Law Disclosure	Restatement of agency codes and cases which establish the conduct of real estate licensees. It is delivered to all parties in targeted sales and leasing transactions. [See RPI Form 305]

agency relationship	The scope of activities imposed on the broker by law as arising out of the representation authorized by the employment. [See RPI Form 102 and 103]
agent	One who is authorized to represent another, such as a broker and client or sales agent and their broker.
agent turnover rate	The rate at which a broker loses and replaces agents.
agent-for-service clause	A section in the property management agreement which appoints the owner's agent-for-service. [See RPI Form 590 §11.3]
agent-for-service process	An individual who acts on behalf of the owner, accepting service of legal documents and notices initiated by tenants.
aggrieved person	Any person who claims to have been injured by a discriminatory housing practice.
agreed-boundary doctrine	When owners of adjacent properties uncertain over the true boundary agree to establish the location of their common lot line and acquiesce to the boundary line for at least five years.
agreement	An exchange of promises, a mutual understanding or arrangement; a contract.
agreement of sale	A written agreement or contract between seller and purchaser in which they reach a meeting of minds on the terms and conditions of the sale. The parties concur; are in harmonious opinion.
air rights	The rights in real property to the reasonable use of the air space above the surface of the land.
alienation	The sale, further encumbrance or lease (for a period exceeding one year) of a property.
alienation clause	A trust deed clause limiting the rights of the owner of the mortgaged property to freely transfer their interest in the property by sale, lease or further encumbrance.
alkaline	A soil with a pH level above 7.
all-inclusive trust deed (AITD)	A note entered into by a buyer in favor of the seller to evidence the amount remaining due on the purchase price after deducting the down payment, an amount inclusive of any specified mortgage debts remaining of record with the seller retaining responsibility for their payment. Also referred to as a wraparound mortgage or overriding mortgage. [See RPI Form 421]
allodial tenure	A real property ownership system where ownership may be complete except for those rights held by government. Allodial is in contrast to feudal tenure.
allonge	An attachment to a note occurring between preparation of the note and closing the transaction providing information necessary to update entries on the note at the time it becomes effective. [See RPI Form 250]
alluvium	The gradual increase of the earth on a shore of an ocean or bank of a stream resulting from the action of the water.
Alquist-Priolo Maps	Maps which identify earthquake fault areas available from the State Mining and Geology Board and the city or county planning department.
ALTA owner's policy	An owner's extended coverage policy that provides buyers and owners the same protection the ALTA policy gives to lenders.
ALTA title policy (American Land Title Association)	A type of title insurance policy issued by title insurance companies which expands the risks normally insured against under the standard type policy to include unrecorded mechanic's liens; unrecorded physical easements; facts a physical survey would show; water and mineral rights; and rights of parties in possession, such as tenants and buyers under unrecorded instruments.
amanuensis	An individual who has the oral authority of the grantor to sign a grant deed by their own hand on behalf of the grantor.
amendment clause	A clause contained in covenants, conditions and restrictions (CC&Rs) establishing a procedure for modifying the CC&Rs.
amenities	Hedonistic benefits derived from a property whose existence increase the property's value or desirability. Amenities are both tangible, such as property fixtures, or intangible, such as proximity to schools or desirable businesses.
American Dream policy	The government's push to increase the homeownership rate from the historical 64% to 70%.
Americans with Disabilities Act (ADA)	Federal regulations prohibiting an employer from discriminating against a qualified person based on a disability.
amortization	The reduction in principal-liquidation-of a mortgage obligation on an installment basis.

amortization table	A tabular schedule detailing the apportionment of principal and interest on each periodic payment due on an amortizing loan.
amortized loan	A loan to be repaid, interest and principal, by a series of regular payments that are equal or nearly equal, without any special balloon payment prior to maturity. Also called a Level Payments Loan.
anchor tenant	A large, well-branded retailer strategically situated in a multi-unit shopping complex to draw foot-traffic and consumers for the general benefit of all tenant occupants in the complex.
annual percentage rate (APR)	The relative cost of credit as determined in accordance with Regulation Z of the Board of Governors of the Federal Reserve System for implementing the Federal Truth in Lending Act.
Annual Property Operating Data sheet (APOD)	A worksheet used when gathering income and expenses on the operation of an income producing property, to analyze its suitability for investment. [See RPI Form 352]
annuity	A sum of money received at fixed intervals, such as a series of assured equal or nearly equal payments to be made over a period of time, or it may be a lump sum payment to be made in the future. The installment payments due to the landlord under a lease is an annuity. So are the installment payments due to a lender.
anti-competition clause	A provision in the nonresidential lease agreement stating the landlord will not lease space in a commercial complex to competitors of the tenant.
anti-deficiency	A limitation placed on a mortgage lender's ability to recover losses on default when the secured property's value is insufficient to satisfy the mortgage debt.
anti-deficiency law	California legislation limiting a mortgage holder's ability to recover losses on a default when the mortgaged property's value is insufficient to satisfy the mortgage debt.
anti-trust	State and federal regulations that are designed to promote fair competition in the marketplace.
anticipation, principle of	Affirms that value is created by anticipated benefits to be derived in the future.
anticipatory breach	When a buyer or seller repudiates the purchase agreement by their words or conduct before closing.
appellant	A party appealing a court decision or ruling.
appellate courts	Courts which review trial court decisions to determine whether the proper rules of law were correctly applied.
Applicable Federal Rate (AFR)	A rate set by the Internal Revenue Service and used by carryback sellers to impute and report as minimum interest income when the note rate on the carryback debt is a lesser rate.
applicant screening fee	A nonrefundable fee charged to the tenant to reimburse the landlord for the cost to obtain the tenant's credit report.
appraisal	An opinion estimating a property's value on a specific date resulting from an analysis of facts about the property.
appraisal management company (AMC)	A government mandated intermediary positioned between lenders and appraisers with the intent to ensure evaluations are not unduly influenced by lenders to hit a target dollar amount for valuing the subject property needed to ensure the origination of a government-insured mortgage.
appraisal report	Documentation of an appraiser's findings, including the purpose and scope of the appraisal.
appraised value	The fair market value (FMV) arrived at by an appraiser.
appreciable asset	A collectible, such as real estate. The value of this asset may increase with time beyond the rate of consumer inflation.
appreciation	An increase in property value at an annual rate greater than the rate of inflation as the result of favorable economic conditions, such as increased demand for a location or increased wealth of the local population.
appreciation-adjusted rent provision	A rent provision found in a nonresidential lease agreement which adjusts rent every several years to reflect an increase in the rental value of a property exceeding the rate of inflation brought about by local demographics. [See RPI Form 552 §4.5e]
appriser	One qualified by education, training and experience who is hired to estimate the value of real and personal property based on experience, judgment, facts, and use of formal appraisal processes.
appropriation	The action of taking something for one's own use, such as water from a stream.

appropriation of water	The taking, impounding or diversion of water flowing on the public domain from its natural course and the application of the water to some beneficial use personal and exclusive to the appropriator.
appropriation right	The right to divert water from a river or watercourse to real estate for reasonable use.
appurtenance	A right belonging to a property, affect title to other property; all those rights, privileges, and improvements which belong to and pass with the transfer of the property, but which are not a part of the property. Appurtenances to real property pass with the real property to which they are appurtenant, unless a contrary intention is manifested. Typical appurtenances are rights-of-way, eaements, water rights, and use of improvements located on other property.
appurtenant	The right of an owner of one parcel to use an adjacent parcel of real estate belonging to another. For example, a shared driveway located on one parcel is appurtenant to the other parcel. Also, the co-ownership interest in the common areas of a CID subdivision is appurtenant to each CID unit. Appurtenant rights pass with the parcel when it is transferred.
appurtenant easement	An easement located on one parcel is incidental and belongs to the ownership of another parcel which benefits from its use.
appurtenant rights	Incidental property rights which are not located on a parcel of real estate nor reflected on its title, including the right of ingress and egress across adjoining properties.
arbitration	A form of dispute resolution voluntarily agreed to in contracts authorizing a third-party arbitrator to issue a binding award which cannot be reviewed and corrected by a court of law.
arbitrator	A neutral third-party appointed to hear a dispute who is authorized to make a final decision awarding judgment in favor of one of the parties.
architectural style	Generally the appearance and character of a building's design and construction.
area	The amount of space within the boundaries of a parcel of real estate.
arms' length transaction	A transaction in which both parties act only in their own self-interest and are not subject to any pressure from the other party due to a pre-existing relationship.
Articles of Incorporation	An instrument setting forth the basic rules and purposes under which a private corporation is formed.
artificial market	Illusive housing market activity dominated primarily by speculators buying up homes to flip; few end-users are present in this kind of market.
as-is clause	An unenforceable provision stating the buyer accepts the property without a full disclosure of known conditions. Properties are sold "as-disclosed," never "as-is."
assemblage	The combining of land parcels to create a value higher than the sum of their parts.
assessed valuation	A valuation placed upon a piece of property by a public authority as a basis for levying taxes on the property.
assessment	The valuation of property for the purpose of levying a tax. Also, payments made to a common interest subdivision homeowners' association for maintenance and reserves.
assessor	The official who has the responsibility of determining assessed values.
asset	A valuable item which can be converted to cash by its owner.
asset deflation	The increase of the purchasing power of money in relation to asset prices, such as real estate and stocks.
asset price inflation	A rise in the price of assets, such as stocks, bonds and real estate.
assignment	A transfer of rights held under a mortgage or other agreement from one person to another.
assignment (landlord/tenant)	A tenant's sublease of a portion of the leased premises. [See RPI Form 550 §5.5 and 552 §9.2]
assignment of rents provision	A trust deed clause which creates a lien on unpaid rents as additional security to the real estate described in the trust deed.
assignor	One who assigns or transfers the rights or interests they hold in personal or real property.
assigns/assignees	Those to whom property or interests therein shall have been transferred.
associate licensee	A sales agent employed by a broker.
assumption	A promise to pay the debt of another, typically a mortgage, given by a buyer of property.
assumption agreement	A promise given by a buyer to the seller or an existing mortgage holder to perform all the terms of the mortgage taken over by the buyer on the sale. [See RPI Form 431 and 432]

assumption fee	A lender's charge for changing over and processing new records for a new owner who is assuming an existing loan.
assumption of mortgage	An agreement by a buyer of a property and the holder of an existing mortgage on the property by which the buyer acquiring title to the property agrees to be responsible for the mortgage obligations in addition to the original borrower, unless a release of liability provision is included. This typically includes a modification of the interest rate, principal balance and mortgage payments and a processing fee in exchange for waiving the lender's right to call the mortgage due under a due-on-sale provision.
attachment	The process by which real or personal property of a party to a lawsuit is seized and retained in the custody of the court for the purpose of acquiring jurisdiction over the property, to compel an appearance before the court, or to furnish security for a debt or costs arising out of the litigation.
attest	To affirm to be true or genuine; an official act establishing authenticity.
attorney fee provision	A provision in an agreement permitting the prevailing party to a dispute to receive attorney fees when litigation arises due to the agreement. [See RPI Form 552 §23.2]
attorney in fact	One who is authorized by another to perform certain acts for another under a power of attorney; power of attorney may be limited to a specific act or acts or be general. [See RPI Form 447]
attornment clause	A lease agreement provision which allows an owner-by-foreclosure to unilaterally avoid the automatic elimination of a junior leasehold interest by a foreclosure sale and become a substitute landlord under the tenant's lease agreement. [See RPI Form 552-8 §3]
authorization-to-extend provision	A purchase agreement provision granting authority to extend performance dates before the transaction may be cancelled.
automatic homestead	The dollar amount of equity in a homeowner's principal dwelling the homeowner is automatically qualified to exempt from creditor seizure. Also known as a statutory homestead exemption.
average prime offer rate	An annual percentage mortgage interest rate derived from average interest rates, points and other pricing terms offered by lenders on consumer mortgages which have low-risk pricing characteristics and are used to fund a higher-priced mortgage loan. These rates are published weekly by the Consumer Financial Protection Bureau (CFPB).
avulsion	A sudden and perceptible loss of land by the action of water, such as by a rapid change in the course of a river.
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