

Term	Definition
b.t.u.	British thermal unit. The quantity of heat required to raise the temperature of one pound of water one degree Fahrenheit.
Baby Boomers	The post-WWII generation responsible for a sharp increase in the U.S. population. Their collective activities have a sizeable effect on the market.
back-end debt-to-income ratio (DTI)	The percentage of monthly gross income that goes towards paying non-mortgage debt.
backfill	Evacuated material used to fill in trenches around a property, such as against its foundation.
bad faith waste	Reckless or malicious injury to property causing a drop in its fair market value.
balance sheet	An itemized, dollar-value presentation for setting an individual's net worth by subtracting debt obligations (liabilities) from asset values. [See RPI Form 209-3]
balancing hardships	The awarding of money to an owner to compensate for lost use of their property burdened with an encroachment.
balancing of the rights	A determination of whether a nuisance exists when an activity is not classified as a nuisance per se.
balloon payment	Any final payment on a note which is greater than twice the amount of any one of the six regularly scheduled payments immediately preceding the date of the final/balloon payment. [See RPI Form 418-3 and 419]
balloon-payment qualified mortgage	A type of qualified mortgage which allows small lenders to include a balloon feature.
bankruptcy, Chapter 7	A proceeding in federal court liquidating the homeowner's assets by sale to pay off their debts.
bankruptcy, Chapter 13	A proceeding in which the homeowner's financial obligations are restructured, allowing them to repay their debts over a three-to-five period.
bargain and sale deed	Any deed that recites a consideration and purports to convey the real estate; a bargain and sale deed with a covenant against the grantor's act is one in which the grantor warrants that grantor has done nothing to harm or cloud the title.
base rent	The minimum monthly rent due under a nonresidential lease agreement. [See RPI Form 552 §4.3]
base and meridian	Imaginary lines used by surveyors to find and describe the location of private or public lands. In government surveys, a base line runs due east and west, meridians run due north and south, and are used to establish township boundaries.
basis	1) Cost Basis. 2) The cost basis after the application of certain additions for improvements, etc., and deductions for depreciation, etc.
bearing wall	A wall or partition which supports a part of a building, usually a roof or floor above.
beige book	Written reports compiled by the Manager of the System Open Market Account detailing the current and prospective economic environment each bank district is encountering.
bench mark	A monument used to establish the elevation of the point, usually relative to Mean Sea Level, but often to some local datum.
beneficiary	The individual entitled to the benefits of property held in a trust or estate, with title vested in a trustee or executor.
beneficiary statement	A written disclosure made by a mortgage holder regarding the condition of a debt owed to them, usually evidenced by a trust deed note. [See RPI Form 415]
bequeath	To give or hand down by will; to leave by will.

bequest	Personal property given by the terms of a will.
best effort obligation	Obligations under an open listing requiring the agent to take reasonable steps to achieve the objective of the client but requiring no affirmative action until a match is located at which point due diligence is required.
betterment	An improvement upon property which increases the property value and is considered as a capital asset as distinguished from repairs or replacements where the original character or cost is unchanged.
bi-lateral contract	A promise for a promise, such as a purchase agreement or a listing agreement.
bilateral employment agreement	A written exclusive employment agreement obligating the broker to exercise due diligence to fulfill the client's real estate objectives in exchange for the promise to pay a fee under various circumstances.
bilateral rescission	An agreement by a buyer and a seller mutually agreeing to terminate their purchase agreement.
bill of sale	A written instrument given to pass title of personal property from vendor to the vendee. Compare with a grant deed. [See RPI Form 408]
binder	A written commitment of a title insurer to issue a title insurance policy in the future, usually acquired by a buyer intending to resell the described property.
blanket mortgage	A single trust deed which describes more than one parcel of real estate as security for the referenced debt. [See RPI Form 450]
blighted area	A district affected by detrimental influences of such extent or quantity that real property values have seriously declined as a result of adverse land use and/or destructive economic forces; characterized by rapidly depreciating buildings, retrogression and no recognizable prospects for improvement. However, renewal programs and changes in use may lead to resurgence of such areas.
blind pool investment program	An investment which involves receipt of investor contributions in a group investment program before the syndicator identifies and discloses the real estate interest the investors' funds will be used to acquire, an activity controlled by securities law.
blockbusting	The prohibited practice of a real estate licensee inducing a property owner to list their property for sale in response to a change taking place in the neighborhood demographics.
bona fide	In good faith; without fraud or deceit; authentic.
bona fide lease agreement	A lease agreement with a fair market rent held by a residential tenant when ownership of the property is transferred by a foreclosure sale. [See RPI Form 550 and Form 552]
bona fide purchaser (BFP)	A buyer other than the mortgage holder who purchases a property for value at a trustee's sale without notice of title or trustee's sale defects.
bond	Written evidence issued by an insurer or guarantor of its obligation to pay the debt of another on a default in a promised performance.
book value	The current value for accounting purposes of an asset expressed as original cost plus capital additions minus accumulated depreciation.
boot	Receipt of an item not of like-kind property, such as cash or mortgage relief, in a tax deferred exchange.
boundary dispute	When owners of neighboring property cannot agree on the location of the dividing property line.
breach	The failure to perform when required on an agreement, or failure of a duty owed another, either by omission or an act.
bridge loan	A short-term mortgage arranged for a buyer to fund the purchase of a property but encumbering other real estate owned by the buyer, pending the arrangement of long-term financing or the sale of the other real estate as the source of funds for its repayment.

broker	A person employed for a fee by another to carry on any of the activities listed in the license law definition of a broker.
broker cooperation provision	A clause in employment agreements entered into by brokers and their clients enabling brokers, when acting on behalf of their clients in a transaction, to share fees between themselves at the brokers' discretion.
broker fee provision	A provision contained in a listing agreement in which an owner agrees to pay the broker a fee if their property is sold, exchanged or optioned during the listing period.
broker price opinion (BPO)	An agent's opinion of a property's fair market value based on comparable sales.
broker price opinion (BPO) report	Documentation by a broker of their findings and opinion of a property's fair market value, including the purpose and scope of the evaluation.
broker-associate	A California Bureau of Real Estate (CalBRE)-licensed broker who works in the employment of another CalBRE broker.
broker-salesperson relationship agreement	A written agreement required by the regulations of the Real Estate Commissioner setting forth the material aspects of the relationship between a real estate broker and each salesperson and broker performing licensed activities in the name of the supervising broker. [See RPI Form 505]
brokered loan	A private lender loan made or arranged by a real estate broker.
bubble recovery	A post-recessionary period resembling a recovery, but artificially manufactured by unstable speculation and financial deregulation. Often leads to a vicious market cycle, causing yet another bubble that is bound to burst.
building code	A series of regulations for construction of buildings within a municipality established by ordinance or law.
building envelope	The doors, windows, foundation, roof and walls of a property. Sealing these areas can dramatically reduce the cost of cooling and heating the property.
building inspectors	Individuals employed by municipalities to ensure properties comply with local building codes, ordinances, zoning regulations and contract specifications.
building line	A line set by law a certain distance from a street line in front of which an owner cannot build on owner's lot. A setback line.
building permit	Permits issued by a city or county building department authorizing commencement of construction in accordance with building codes and safety standards.
building restrictions	Zoning, regulatory requirements or provisions in a deed limiting the type, size and use of a building.
building, market value of	The sum of money which the presence of that structure adds to or subtracts from the value of the land it occupies. Land valued on the basis of highest and best use.
bulk sale	The transfer of more than one-half the inventory of a business' materials or goods to a person other than the business' customers.
bumpy plateau recovery	A recovery characterized by a prolonged pattern of short-term increases followed by short-term decreases in home sales volume and pricing, resulting in little or no long-term recovery trend, called secular stagnation.
bundle of rights	All of the legal rights incident to ownership of property including rights of use, possession, encumbering and disposition.
bureau of land management	A federal bureau within the Department of the Interior which manages and controls certain lands owned by the United States.
business activity report	A report notifying the California Bureau of Real Estate (CalBRE) of an employing broker's mortgage activities during the fiscal year.
business goodwill	The earning power of a business.

business model	A plan establishing the means and manner by which listings are produced and serviced, and how purchase agreements are negotiated and closed by a broker's agents.
business mortgage	A debt incurred for other than personal, family or household (consumer) purposes and secured by any type of real estate.
business opportunity	The assets for a business enterprise including its goodwill. The term includes the sale or lease of the business and goodwill of an existing business enterprise or opportunity.
business trust	A type of business entity which is not recognized in California; out-of-state business trusts are required to first qualify as a corporate entity with the Department of Business Oversight (DBO) before doing business in California.
buy phase	The ideal moment to buy property, characterized by low prices, low interest rates and few willing buyers.
buy-back/put-back	The process of requiring originating lenders to re-purchase non-eligible mortgages sold to Fannie Mae or Freddie Mac.
buy-to-let investment	Long-term income property investment.
buyer mortgage capacity	A buyer's ability to make mortgage payments based on their debt-to-income ratios (DTI).
buyer occupant	A buyer who purchases property for use as shelter for their family or business, and retains the property as a store of their wealth for as long as it serves the purposes of their occupancy.
buyer purchasing power	A homebuyer's ability to purchase property funded by a purchase-assist mortgage based on 31% of their gross income for the buyer's mortgage payment at current interest rates.
buyer's agent	An agent representing the buyer. Also known as a selling agent. [See RPI Form 103]
buyer's cost sheet	A worksheet used when estimating the total expenditures for acquiring a property and the amount of funds needed to close, including the source of the funds. [See RPI Form 311]
buyer's market	A real estate market characterized by low homebuyer demand and high housing inventory.
buyer-seller assumption agreement	A promise given by the buyer to the seller to perform all the terms of a mortgage taken over by the buyer on the property purchased.
buyout provision	A provision in a limited liability company (LLC) operating agreement which, on termination of a member's interest, grants the remaining members the right to buy out the terminated member's interest in the LLC or dissolve the LLC. [See RPI Form 372 §7]
bylaws	Rules for the conduct of the internal affairs of corporations and other organizations.
	Reprinted from firsttuesday Journal — P.O. Box 5707, Riverside, CA 92517