

Term	Definition
early termination clause	A provision which assures payment of the broker's fee if the owner withdraws the property from the market during the listing period. [See RPI Form 110 §3.1c and 102 §3.1c]
early-termination fee	A fee paid to the landlord by the tenant to cancel the lease agreement in exchange for returning possession. [See RPI Form 587 §2.2]
earned income	Wages received with respect to employment, including wages, salary, tips, commissions and bonuses.
earnest money	Down payment made by a purchaser of real estate as evidence of their good faith intent to buy. A deposit or partial payment.
easement	The right of the owner of one parcel to use an adjacent parcel owned by another for a specific purpose.
easement by necessity	An easement providing access to a landlocked property.
easement for ingress and egress	A type of easement granting one property owner the right to traverse a portion of another's land to access the property.
easement in gross	An easement which belongs to an individual and is not appurtenant to a property.
easy money	When there is too much cash in circulation causing excessive inflation, rectified by the Federal Reserve increasing short-term interest rates.
economic driver	An economic factor which has the power to determine, by its performance, the strength and direction of an economy.
economic life	The period of time over which a property will yield a return on capital invested to own it.
economic obsolescence	A loss in value of a property due to external factors and not the condition of the property itself.
economic rent	The reasonable rental expectancy if the property were available for renting at the time of its valuation.
effective age	The physical age of a property based on the condition of the structure, distinct from its chronological age.
effective date of value	The specific day the conclusion of value applies.
effective interest rate	The percentage of interest that is actually being paid by the borrower for the use of the money, distinct from nominal interest.
effective yield	The actual rate of interest received by the mortgage holder as a result of leveraging, discounts and bonuses, distinct from the interest rate charged on the mortgage, also known as the effective rate of return.
ejectment	A civil action to recover possession or title to land from someone wrongfully in possession.
elements of value	Factors that must be present for real estate to have value: demand, utility, scarcity and transferability.
eligible non-borrowing spouse	A non-borrowing spouse eligible to defer repayment of a home equity conversion mortgage (HECM) and remain on the property after the borrower's death.
embezzlement	The dishonest act of converting a client's assets for personal use.
emigration	The act of leaving a country or state for another.
eminent domain	The right of the government to take private property for public use on payment to the owner of the property's fair market value.
employer of last resort	The U.S. government as the employer of those who cannot find work in the private sector.

employment relationship	The scope of activities the broker and the broker's agents are to undertake in the employment of a client.
encroachment	An improvement on a parcel of real estate, such as a building, fence, driveway or tree, which extends into an adjacent parcel belonging to another person without their consent.
encumbrance	A claim or lien on title to a parcel of real estate, such as property taxes, assessment bonds, trust deeds, easements and covenants, conditions and restrictions (CC&Rs).
end of draw (EOD) period	The time period following the draw period during which the home equity line of credit (HELOC) resets and the homeowner begins making monthly payments of principal and interest.
end user	A buyer who will occupy the property as their residence or own it as income property for long-term investment purposes.
energy audit	An inspection which pinpoints a home's energy-efficient improvements and features in need of energy-efficient improvements.
energy efficiency	Using building materials, appliances or other methods to reduce the amount of energy used by the homebuyer, thereby reducing their energy costs.
Energy Efficient Mortgage (EEM)	A Federal Housing Administration (FHA) mortgage which finances energy-efficient improvements.
enforceable contract	An agreement which meets minimum elements needed to be enforceable in court.
entire agreement clause	A clause in a lease agreement which limits the tenant's ability to imply terms into the lease based on oral statements made before entering into the lease. [See RPI Form 552 §23.5]
entitled person	The original borrower on a note and trust deed, their successor-in-interest or an authorized agent of either who may request, in writing, a beneficiary statement or payoff demand statement.
entrepreneurial spirit	Individuals exhibiting creativity and ingenuity. Willing to adopt new, innovative techniques to succeed.
environmental hazards	Noxious or annoying man-made conditions which are injurious to health or interfere with an individual's sensitivities.
Equal Credit Opportunity Act (ECOA)	A federal law which prohibits discriminatory and unfair lending practices.
equal protection	A constitutional guarantee that similarly-situated persons be treated similarly under the law.
equitable easement	An easement granted to a neighbor allowing them to maintain an improvement encroaching on another owner's property.
equitable indemnity	When one party takes on the obligation to pay for a loss incurred by another party.
equitable owner	A person who purchased a property and has not yet received legal ownership placing title in their name, such as occurs under a purchase agreement, land sales contract or lease-option sales agreement.
equitable remedies	Non-money remedies based on issues of fairness.
equity	1) The interest or value an owner has in real estate over and above the liens against it. 2) Branch of remedial justice providing relief to litigants in courts of equity.
equity buildup	The process of mortgage reduction through amortized mortgage payments and any additional payoff of principal.
equity financing	Down payment funds solicited from cash investors by a syndicator for the purchase of an income-producing investment property to be co-owned by a group of investors. Contrast with mortgage financing.

equity of redemption	The right to redeem property during the foreclosure period, such as a mortgagor's right to redeem within either 3 months or 1 year as may be permitted after foreclosure sale.
equity participation	A mortgage transaction in which the lender, in addition to receiving a fixed rate of interest on the loan acquires an interest in the borrower's real property, and shares in the profits derived from the real property.
equity purchase (EP)	The acquisition of an owner-occupied, one-to-four unit residential property in foreclosure for rental, investment or dealer purposes.
equity purchase (EP) agreement	The document used to negotiate the sale of an owner-occupied residence-in-foreclosure to an investor. [See RPI Form 156]
equity purchase (EP) investor	A person who acquires title to a seller-occupied, one-to-four unit residential property in foreclosure for dealer, investment or security purposes.
equity purchase transaction	A sales transaction in which a one-to-four unit residential property in foreclosure, occupied by the owner as their principal residence, is acquired for dealer, investment or security purposes by an investor. [See RPI Form 156]
erosion	The wearing away of land by the act of water, wind or glacial ice.
errors and omissions (E&O) insurance	An insurance policy protecting brokers and agents from negligent conduct when acting as a licensee.
escalation	The right reserved by the lender to increase the amount of the payments and/or interest upon the happening of a certain event.
escalator clause	A clause in a contract providing for the upward or downward adjustment of certain items to cover specified contingencies, usually tied to some index or event. Often used in long-term leases to provide for rent adjustments, to cover tax and maintenance increases.
escheat	The reverting of property to the state when the owner dies and there are no capable heirs to inherit it.
escrow	The depository process employed to facilitate the gathering of instruments and funds for use to transfer real estate interests between two persons.
escrow agent	The neutral third party holding funds or something of value in trust for another or others.
escrow instructions	Directives an escrow officer undertakes, as given by buyer and seller, or lender and borrower to coordinate the closing on a purchase agreement or mortgage origination. [See RPI Form 401]
escrow officer	An individual licensed and employed as an agent of an escrow company or other escrow service provider to perform escrow services.
essential elements of a contract	Four conditions required to form a legal contract: capable parties, acceptance, legal object and consideration.
estate	The ownership interest a person holds in a parcel of real estate.
estate at sufferance	Unlawfully retaining possession to property when the tenant holds over and does not vacate on the expiration of the term of their tenancy. Also called a tenancy at sufferance.
estate at will	The occupation of lands and tenements by a tenant for an indefinite period with the payment of rent, terminable by either the tenant or the landlord at will. The landlord's ongoing acceptance of rent creates a periodic tenancy.
estate for life	A freehold estate in land held by a person who is entitle to use of the property for the duratio of their life or the life of another. Also called a life estate, it terminates and is eliminated on death of the controlling life.
estate for years	An interest in propety granting possession for a limted period of time such as a periodic tenancy or a lease agreement for a fixed term.

estate from period to period	An interest in land where there is no definite termination date but the rental period is fixed at a certain sum per week, month, or year. Also called a periodic tenancy.
estate of inheritance	An estate which may descend to heirs. All freehold estates are estates of inheritance, except estates for life.
estimate	Prediction of future amounts which have not yet actually occurred.
estimated remaining life	The period of time (years) it takes for the improvements to become valueless.
estoppel	A legal theory barring a person from later asserting or denying a condition based on the person's previous acts or statements.
et ux	Abbreviation for et uxor. Means and wife.
ethics	The branch of fiduciary science concerning the duties which a member of a profession or craft owes to the public, client or partner, and to professional brethren or members. Accepted standards of right and wrong.
evaluation	A broker's investigation and analysis of the market price for a property as its fair market value on a specific date, documented in a broker price opinion (BPO) report.
event-occurrence contingency provision	A purchase agreement provision requiring an event or activity to take place which is not subject to the approval of the buyer or seller. [See RPI Form 150 §11.1]
eviction	An unlawful detainer action filed to physically remove a tenant from actual possession.
exception	Any encumbrances affecting title and any observable on-site activities which are listed as risks assumed by the insured and not covered by a policy of title insurance under Schedule B.
exchange	A trading between two or more owners of their equities in different properties.
exchange rate	The fluctuating rate at which one currency is converted to another, such as for the purpose of purchasing in a foreign market.
excluded debt	Extensions of credit by sellers of real estate creating a debt obligation in sales transactions which avoid usury laws.
exclusion	Risks of loss not covered under a policy of title insurance, comprised of encumbrances arising after the transfer or known to or brought about by the insured.
exclusive agency listing	An agreement employing a broker as the sole agent for the seller of real property in which the seller promises to pay the broker a fee if the property is sold unless the sale is by the owner acting without the services of any agent. [See RPI Form 102]
exclusive agent	An agent who is acting exclusively on behalf of only one party in a transaction.
exclusive authorization to lease	A written agreement between a broker and client employing the broker to render services in exchange for a fee on the leasing the property to a tenant located by anyone. Also known as a listing. [See RPI Form 110]
exclusive authorization to locate space	An employment agreement by a broker and a prospective tenant which authorizes the broker to act as the tenant's leasing agent to locate suitable space and negotiate a lease agreement. [See RPI Form 111]
exclusive right-to-buy listing agreement	A written employment agreement by a broker and a prospective buyer of real estate employing and entitling the broker to a fee when property is purchased during the listing period. [See RPI Form 103]
exclusive right-to-collect clause	A provision which assures payment of the broker's fee if anyone procures a tenant on the terms in the listing, or on terms the landlord accepts. [See RPI Form 110 §3.1a]

exclusive right-to-sell listing	An agreement employing a broker to act as agent for the seller of real property in which the seller promises to pay the broker a fee if the property is sold during the period of the employment, whether by the broker, through another broker or by the efforts of the owner. [See RPI Form 102]
exculpatory clause	A provision in a note secured by a trust deed which converts a recourse debt into nonrecourse debt to bar recovery by a money judgment against the borrower. [See RPI Form 418-5]
execute	To complete, to make, to perform, to do, to follow out; to execute a deed, to make a deed, including especially signing, sealing and delivery; to execute a contract is to perform the contract, to follow out to the end, to complete.
execution	The signing and delivery of a document, as occurs on a seller's acceptance of an offer to buy real estate by signing and delivering the signed document to the buyer.
executive branch	The branch of government which polices the law and establishes regulations to carry out the administration of government as established by the legislature.
executor	A man named in a will to carry out its provisions as to the disposition of the estate of a deceased person. (A woman is executrix.)
executory contract	A contract in which something remains to be done by one or both of the parties.
exempt debts	Private party transactions exempt from usury laws involving the origination of a loan secured by real estate and made or arranged by a real estate broker. See non-exempt lender.
existing rental property	The category of property most prudent for real estate investment groups to own consisting of existing residential and nonresidential income-producing properties.
expansionary monetary policy	An effort to increase the amount of money in circulation.
expansive	Soils that expand when water is added then shrink when they dry out. Such continuous change in soil condition can cause property built on this soil to settle unevenly and crack.
expenses	Certain items which appear on a closing statement in connection with a real estate sale.
expungement	A court order removing from title to real estate the effect of a recorded lis pendens regarding litigation asserting a claim to title or possession of the property.
extend-and-pretend	The lender practice of granting a short-term loan modification as a means of buying time while relying on market momentum to give the modified terms long-term sustainability.
extraordinary expense	An emergency situation lifting the limits placed on the amount an HOA may charge for regular and special assessments.
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