Term	Definition
laches	An unreasonable delay which bars pursuit of a claim.
land	The material of the earth, whatever may be the ingredients of which it is composed, whether soil, rock, or other substance, and includes free or unoccupied space for an indefinite distance upwards as well as downwards.
land and improvement loan	A loan obtained by the builderdeveloper for the purchase of land and to cover expenses for subdividing.
land sales contract	A contract used in a sale of real estate when the seller retains title to the property until all or a prescribed part of the purchase price has been paid.
landlord	One who rents their property to another. The lessor under a lease.
landlord-initiated disposition procedure	The process of a landlord mailing a notice of the right to reclaim personal property to a tenant who vacated and left personal property on the premises. [See RPI Form 581 and 584]
late charge	A fee imposed as an additional charge under a provision in a promissory note, lease or rental agreement when payments are not received by their due date or during a grace period.
late charge notice	A landlord's written notice demanding payment of a late charge on a delinquent rent payment. [See RPI Form 568]
late charge provision	A provision in a promissory note which calls for an additional charge if payments are not received when due or during a grace period.
late payment clause	A provision in a rental or lease agreement establishing the landlord's right to demand and receive a late charge when a rent payment becomes delinquent. [See RPI Form 550 §4.3 and 552 §4.7]
later date order	The commitment for an owner's title insurance policy issued by a title insurance company which covers the seller's title as of the date of the contract. When the sale closes the purchaser orders the title company to record the deed to purchaser and bring down their examination to cover this later date so as to show purchaser as owner of the property.
lateral support	The support which the soil of an adjoining owner gives to a neighbor's land.
lead-based paint	Any surface coating containing at least 1.0 milligram per square centimeter of lead, or 0.5% lead by weight. [See RPI Form 313]
lead-based paint hazard	Any condition that causes exposure to lead from lead-contaminated dust, soil or paint which has deteriorated to the point of causing adverse human health effects. [See RPI Form 313]
lease	A contract between owner and tenant, setting forth conditions upon which tenant may occupy and use the property and the term of the occupancy. Sometimes used as an alternative to purchasing property outright, as a method of financing right to occupy and use real property.
lease agreement	The written document which sets the terms of a fixed-term tenancy. [See RPI Form 550 and 552 552-4]
lease guarantee	An agreement committing a person other than the tenant to pay all monies due the landlord under the lease agreement. [See RPI Form 553-1]
lease-purchase sale	A sales transaction characterized by a purchase agreement containing a provision for the present transfer of possession on a lease and buildup of equity in ownership by the tenant over the term of the lease before closing the sale by crediting the purchase price with a portion of the buyer's lease payments.
leasehold estate	The right to possess a parcel of land, conveyed by a fee owner (landlord) to a tenant.
leasing agent	A broker who markets the availability of space to rent and locates and negotiates the terms of a lease with suitable tenants.
left expentancy set- aside	A lender-mandated portion of a home equity conversion mortgage (HECM) set aside for the payment of property charges.

legal description	The description used to locate and set boundaries for a parcel of real estate.
legislative branch	The branch of government which enacts the codes and statutes which regulate most aspects of real estate interests.
lender overlay	Lender-imposed standards on consumer mortgages to be met by applicants in addition to standards set by mortgage insurers and investors.
lender subordination clause	A lease agreement provision which gives a lender with a trust deed interest senior to the tenant's leasehold interest the right to unilaterally subordinate the lender's trust deed to the tenant's leasehold by written notice to the tenant. [See RPI Form 552-8 §2]
lender-paid mortgage insurance (LPMI)	Default mortgage insurance provided by private insurers in which the lender pays the mortgage insurance premium and recovers the cost through a higher interest rate.
lessee	One who contracts to rent, occupy, and use property for the payment of rent under a lease agreement; a tenant.
Lesser Depression	The period from 2009-2016 following the Great Recession and financial crisis of 2008, characterized by persistent slow job growth and a low, flat annual home sales volume.
lessor	An owner who enters into a lease agreement with a tenant; a landlord.
letter of credit	A commitment made by a bank to a mortgage holder assuring payment of a stated amount on presentation to the bank, used by mortgage holders as a supplemental security device to avoid anti-deficiency laws.
letter of intent	A non-binding proposal signed and submitted to a property owner to start negotiations to rent or buy a property. [See RPI Form 185]
level-payment mortgage	A loan on real estate that is paid off by making a series of equal (or nearly equal) regular payments. Part of the payment is usually interest on the loan and part of it reduces the amount of the unpaid principal balance of the loan. Also sometimes called an amortized mortgage or installment mortgage.
leverage	The use of debt financing to aquire property to maximize the return on cash invested, the loan-to-value ratio.
leveraging	The concept in real estate finance that a mortgage either increases the return on their investment or increases the owner s risk they will lose the property (and their investment) to foreclosure.
levying officer	A court-appointed receiver or sheriff who conducts a judicial foreclosure sale.
liability	A financial debt or obligation owed to others.
liability limitation provision	A purchase agreement provision limiting the dollar amount of seller losses the syndicator is liable for in the event the syndicator breaches the agreement. [See RPI Form 159 §10.8]
license	The personal, unassignable right held by an individual to the non-exclusive use of property owned by another.
licensed activities	Dealing with members of the public to offer, contract for and render brokerage services for compensation.
lien	An interest held in real estate which secures payment or performance of a debt or other monetary obligation.
life estate	An interest in a parcel of real estate lasting the lifetime of the life tenant.
life of loan cap (cap rate)	With regard to an adjustable rate mortgage, a ceiling the note rate cannot exceed over the life of the loan.
lifetime interest rate cap	A limit on the amount the interest rate can increase over the life of an adjustable rate mortgage (ARM).
limitations, statute of	The commonly used identifying term for various statutes which require that a legal action be commenced within a prescribed time after the accrual of the right to seek legal relief.

limited liability company	An entity formed for the purpose of holding title and operating real estate for a group of investors. The members of an LLC are not liable for the LLC's debts and obligations.
limited partnership	A partnership consisting of a general partner or partners and limited partners in which the general partners manage and control the business affairs of the partnership while limited partners are essentially investors taking no part in the management of the partnership and having no liability for the debts of the partnership in excess of their invested capital.
line of credit payment	A home equity conversion mortgage (HECM) payment option in which the homeowner may choose when and how much money to withdraw from their line of credit until they reach their principal limit.
lintel	A horizontal board that supports the load over an opening such as a door or window.
liquidated damages provision	A provision stating the maximum money losses a buyer owes a seller in the event the seller incurs losses on a buyer of streach.
liquidity	Holdings in or the ability to convert assets to cash or its equivalent. The ease with which a person is able to pay maturing obligations.
liquidity trap	A condition in which injections of cash into the banking system by the Federal Reserve (the Fed) fail to stimulate lending and economic growth. In the instance of California s current crisis, cheap cash is sitting in lenders reserves and not being lent to prospective buyers.
lis pendens	A notice recorded for the purpose of warning all persons that the title or right to possession of the described real property is in litigation.
listing	An employment contract between principal (owner) and agent authorizing the agent to perform services for the principal involving the sale of property; listing contracts are entered into for the purpose of locating persons to buy, lease, or mortgage property. Employment of an agent by a prospective purchaser or lessee to locate property for purchase or lease is also considered a listing.
listing agreement	An employment agreement used by brokers and agents when a client retains a broker to render real estate transactional services as the agent of the client. [See RPI Form 102 and 103]
litigation guarantee	A title insurance policy which lists all parties with a recorded interest in a property and their addresses of record, ensuring that all persons with a recorded interest in a property are named and served in litigation.
littoral rights	Rights to shorefront land held by landowners whose property borders large, navigable lakes and oceans.
livery of seisin (seizin)	The appropriate ceremony at common law for transferring the possession of lands by a grantor to a grantee.
loan administration	Also called loan servicing Mortgage bankers not only originate loans, but also service them from origination to maturity of the loan through handling of loan payments, delinquencies, impounds, payoffs and releases.
loan application	The loan application is a source of information on which the lender bases a decision to make the loan; sets out the amount and repayment terms of the mortgage sought, identifies the borrower, place of employment, salary, bank accounts, assets, personal debts and expenses and credit references, and describes the real estate that is to be mortgaged. [See RPI Form 202]
loan assumption	When a buyer takes over an existing mortgage and becomes primarily responsible for payment on the debt.
loan brokerage	The business of originating mortgages for lenders or selling existing mortgages to investors.

loan closing	When all conditions have been met, the loan officer authorizes the recording of the trust deed or mortgage. The disbursal procedure of funds is similar to the closing of a real estate sales escrow. The borrower can expect to receive less than the amount of the loan, as title, recording, service, and other fees may be withheld, or can expect to deposit the cost of these items into the loan escrow. This process is sometimes called funding the loan.
loan commitment	Lender's contractual commitment to make a loan based on the appraisal and underwriting.
Loan Estimate	An estimate of a buyer □s settlement charges and mortgage terms handed to the buyer on a standard form within three business days following the lender □s receipt of the mortgage application. [See RPI Form 204-5]
loan level price adjustment	Adjusted interest rates or fees based on the risk of default a mortgage poses.
Loan Prospector (LP)	Freddie Mac□s automated underwriting (AU) system.
loan-to-value ratio (LTV)	A ratio stating the outstanding mortgage balance as a percentage of the mortgaged property s appraised value.
Loan/Application Register (LAR)	The electronic form used to collect Home Mortgage Disclosure Act (HMDA) data.
lock-in clause	A promissory note provision limiting repayment to no more than the regularly scheduled installment amount, in contrast to an \square or more \square clause.
long-term investor	A buyer who purchases a property with the intent of renting it to tenants to produce a steady income flow.
long-term rate	An interest rate fixed for the duration of the mortgage.
loss mitigation	A lender strategy to lessen the amount of their loss due to a default on a mortgage.
lot line adjustment	When adjacent property owners move an existing property line.
lump sum option	A home equity conversion mortgage (HECM) payment option in which the homeowner receives one payment after closing.
luxury vs. necessity	Housing as a consumer good that enhances one's social status versus housing as a solution to one's basic need for shelter.
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