

Term	Definition
obsolescence	Loss in value due to reduced desirability and usefulness of a structure because its design and construction become obsolete; loss because of becoming old-fashioned and not in keeping with modern needs, with consequent loss of income. May be functional or economic.
off-site improvements	Improvements not located on the lots being sold which add value to the development, such as access roads, street lighting and sidewalks.
offer to lease	A document which sets forth all crucial elements typically negotiated to bring the landlord and tenant together in final leasing arrangements. [See RPI Form 556]
offer to purchase	A proposal made by a potential buyer to acquire property on the stated terms, which the property owner may accept or reject. [See RPI Form 185]
office manager	A licensee hired by a broker to fulfill the supervisory responsibility of reviewing documents and maintaining office files. [See RPI Form 510]
offset statement	Statement by owner of property or owner of lien against property setting forth the present status of liens against said property. [See RPI Form 414]
one-action rule	The prohibition of more than one action to recover a mortgage debt, requiring the mortgage holder to first resort to foreclosure on the real estate before pursuing other collection remedies. The enforcement of the assignment of rents provision by collecting rents does not bar a mortgage holder from later foreclosing on the real estate and, if a recourse mortgage, seeking a deficiency judgment.
open housing law	Congress passed a law in April 1968 which prohibits discrimination in the sale of real estate because of race, color, or religion of buyers.
open listing	An employment entered into by a broker to render real estate services on a best-efforts basis under which a fee is due to the broker if they achieve the client's objective of the employment before the client or another broker separately first meet the objective, such as the sale or locating of a property.
open-end mortgage	A mortgage which gives the borrower the ability to withdraw funds in a line of credit.
operating agreement	A form used by syndicators when setting up a limited liability company (LLC) to establish the procedures for operating the LLC and the rights and duties of its members. [See RPI Form 372]
operating expenses	The total annual cost incurred to maintain and operate a property for one year. [See RPI Form 352 §3.21]
opinion	A statement by an agent concerning an event or condition which has not yet occurred based on readily available facts.
opinion of title	An attorney's written evaluation of the condition of the title to a parcel of land after examination of the abstract of title.
opportunity cost	The cost of forgoing the benefits of one investment by choosing to enter into an alternative investment.
oppression	When no real negotiations occur between an equity purchase investor and a seller-in-foreclosure and are not realistic due to a take it or leave it environment created by the EP investor's abuse of the inequality in bargaining power.
option	A right given for a consideration to another by a property owner, to purchase or lease a property as agreed within a specified time without obligating the person who receives the right to exercise the right.
option adjustable rate mortgage (ARM)	An adjustable rate mortgage (ARM) giving the borrower the choice of a full monthly payment, an interest-only payment, and a minimum payment typically less than the interest due.
option listing	A variation of the exclusive right-to-sell listing in which the seller grants the broker an option to buy the property at a predetermined price, if the property does not sell during the listing period. [See RPI Form 102 §10]

option money	Consideration given by a buyer to a seller for granting the buyer an option to purchase the property.
option period	The time period during which an optionee/buyer may exercise their right to buy under an option agreement. [See RPI Form 161 §4]
option to buy	An agreement granting an irrevocable right to buy property within a specific time period. [See RPI Form 161]
option to extend	An agreement granting a tenant the right to extend possession under their lease agreement on terms set out in the option to extend. [See RPI Form 565]
option to renew	An agreement granting a tenant the right to continue in possession upon expiration of the existing lease under a new lease agreement on the same conditions as the expiring lease agreement on terms for payment of rent set out in the option to renew. [See RPI Form 565]
oral contract	A verbal agreement; one which is not reduced to writing.
orientation	Placing a structure on its lot with regard to its exposure to the rays of the sun, prevailing winds, privacy from the street and protection from outside noises.
origination charge	A charge for lender-performed services integral to the administrative process of originating a mortgage.
ostensible authority	That authority which a third person reasonably believes an agent possesses because of the acts or omissions of the principal.
overage	A surplus amount in a trust account exceeding the amount of trust funds held in all the subaccounts for individuals.
overimprovement	An improvement which is not the highest and best use for the site on which it is placed by reason of excess size or cost.
overlying right	The right of a real estate owner to take the ground water below the surface of their land.
overriding rent	The amount the current market rent rates exceed the rents set in the lease agreement, attainable by the tenant on a sublease to a successor tenant.
owner's statement	An accounting on the status, expenditure and location of negotiable trust funds provided to the owner of those funds.
owner-by-foreclosure	The winning bidder at a trustee's sale who takes title to the property sold by a trustee's deed.
ownership	The right of one or more persons to possess and use property to the exclusion of all others. A collection of rights to the use and enjoyment of property.
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