

Term	Definition
package mortgage	A type of mortgage used in home financing covering real property, improvements, and movable equipment/appliances.
panic selling	As with blockbusting, the prohibited discriminatory practice of a real estate licensee inducing a property owner to list a property for sale by suggesting that a change in neighborhood demographics will cause a loss in property values.
par interest rate	The interest rate for a mortgage in the secondary mortgage market without the addition of a yield spread premium or discount points.
par rate	The lender's base interest rate without any positive or negative adjustments for profit.
par value	Market value, nominal value.
paramount title	Title which is superior or foremost to all others.
parcel	A three-dimensional portion of real estate identified by a metes and bounds description.
parity distribution	An equal sharing between all members in a limited liability company (LLC) of earnings in the form of spendable income and proceeds of a sale or refinance.
parol evidence	A rule that prevents a party to a written contract from presenting outside evidence that clarifies the written terms of a contract that appears to be whole.
partial payment agreement	An agreement for receipt of partial rent, specifying the amount of deferred rent remaining unpaid and the date for its payment. [See RPI Form 558 and 559]
participation	Sharing of an interest in a property by a lender. In addition to base interest on mortgage loans on income properties, a percentage of gross income is required, sometimes predicated on certain conditions being fulfilled, such as a minimum occupancy or percentage of net income after expenses, debt service and taxes. Also called equity participation or revenue sharing.
parties (party)	Those persons taking part in a transaction as principals, e.g., seller, buyer, or lender in a real estate transaction.
partition	A division of real or personal property or the proceeds therefrom among co-owners.
partition action	Court proceedings by which co-owners seek to sever their joint ownership and parcel or sell a property.
partnership	A voluntary association of two or more persons to carry on a business or venture on terms of mutual participation in profits and losses.
party wall	A common boundary improvement located on a property line between adjacent properties, such as a wall, fence or building co-owned by the adjacent property owners.
pass-through provisions	An all-inclusive trust deed (AITD) provision used by a carryback seller which provides for the payment of any demands made by the underlying mortgage holder, other than regular principal and interest payments, to be passed through to the buyer when triggered by the buyer's conduct. [See RPI Form 442 and 443]
passive category income	Profits and losses from rental real estate, operations and sales, and from non-owner-operated businesses.
patent	Conveyance of title to government land.
payment adjustment date	With regard to an adjustable rate mortgage, the date the borrower's monthly principal and interest payment may change.
payment cap	A limit on the amount of increase in the borrower's monthly principal and interest at the payment adjustment date on an adjustable rate mortgage (ARM).

payment rate	With respect to an adjustable rate mortgage, the rate at which the borrower repays the loan - reflects buydowns or payment caps.
payoff demand	A written demand, prepared by a mortgage holder, for the total dollar amount required on the date of preparation to pay off the mortgage as a requisite for recording a reconveyance of their trust deed lien on a property.
penalty	An extra payment or charge required of the borrower for deviating from the terms of the original loan agreement. Usually levied for being late in making regular payment or for paying off the loan before it is due, known as late charges and prepayment penalties.
per capita income	A measure of average income per person in a population center.
percentage lease	A commercial lease agreement for a retail operation that sets the total amount of rent the tenant will pay as a percentage of the tenant's gross sales. [See RPI Form 552-4]
perfecting the lien	The preparation and filing of a UCC-1 Financing Statement (UCC-1) to put the public on notice of the lien created by a security agreement.
perimeter heating	Baseboard heating, or any system in which the heat registers are located along the outside walls of a room, especially under the windows.
periodic interest rate cap	A limit on the amount the interest rate can increase with each future adjustment of an adjustable rate mortgage (ARM).
periodic tenancy	A leasehold interest which lasts for automatic successive rental periods of the same length of time, terminating upon notice from either party. [See RPI 551 and 552-5]
permanent nuisance	A nuisance which cannot be abated at a reasonable cost and by reasonable means.
permissive improvement	A nonmandatory improvement the tenant is authorized to complete without further landlord consent.
personal property	All property not classified as real estate, such as trade fixtures.
personal use loan	A mortgage origination which funds a personal use, such as a loan that funds the purchase or improvement of an owner's principal residence or second home.
personal-satisfaction contingency provision	A provision in an agreement requiring the personal approval of an aspect of a transaction by the seller or buyer, not a third party, as a condition for further performance or cancellation of the transaction. [See RPI Form 150 §11.10(b)]
Pest Control Certification	A certificate of clearance by the Structural Pest Control company indicating the property is free of pest infestation or infection in the visible and accessible areas, commonly called a termite clearance.
physical deterioration	Impairment of condition. Loss in value brought about by wear and tear, disintegration, use and actions of the elements; termed curable and incurable.
physical file	A file to store all the information and documents regarding a transaction, such as agreements and disclosures. [See RPI Form 520]
physical life	The total number of years a building is presumed to potentially exist in a productive capacity.
PITI (principal, interest, taxes and insurance)	The sum of the components of a monthly payment to a mortgage holder applied in part on the debt and in part as an impound account deposit for payment of annually recurring ownership expenses such as property taxes and insurance premiums.
plaintiff	In a court action, the one who sues; the complainant.
planned development	A subdivision consisting of separately owned parcels of land together with membership in an association which owns common area. Sometimes the owners of separate interests also have an undivided interest in the common area.

planned unit development (PUD)	A term sometimes used to describe a planned development. A planning and zoning term describing land not subject to conventional zoning to permit clustering of residences or other characteristics of the project which differ from normal zoning.
planning commission	An agency of local government charged with planning the development, redevelopment or preservation of an area.
plat (of survey)	A map of land made by a surveyor showing the boundaries, buildings and other improvements.
pledge	To offer an asset (such as an existing carryback note) as collateral or security for another, unrelated debt. Also known as hypothecation. [See RPI Form 242]
pledgee	One who is given a pledge or a security. (See definition of Secured Party.)
pledgor	One who offers a pledge or gives security. (See definition of debtor.)
plottage	A term used in appraising to designate the increased value of two or more contiguous lots when they are joined under single ownership and available for use as a larger single lot. Also called assemblage.
plottage increment	The appreciation in unit value created by joining smaller ownerships into one large single ownership.
points	A fee charged by a lender as prepaid interest which in turn reduces the note rate on the mortgage, with a point equaling 1% of the amount of the mortgage.
police power	The constitutional source of the state or local government's authority to act.
portfolio income category	Unearned income from interest on investments in bonds, savings, stocks and mortgage notes, and income, profits and losses from management-free income property.
portfolio investor	An investor who seeks income from interest earned on bonds, savings and trust deed notes and earnings on stocks, land held for profit and management-free long-term property leases.
portfolio lender	A lender who both funds and holds a mortgage to collect the interest income.
portfolio yield	Any lender earnings from fees or interest on a mortgage.
post-closing surprise	The post-closing discovery of detrimental conditions hidden in the wording of an equity purchase (EP) agreement or escrow instructions.
power of attorney	A temporary authority granted to an individual to perform activities during a period of the owner's incapacity or travel. [See RPI Form 447]
power-of-sale provision	A trust deed provision authorizing the trustee to initiate a non-judicial foreclosure sale of the described property on instructions from the beneficiary.
pre-foreclosure workout	Negotiations between a mortgage holder and defaulting property owner with the purpose of exploring options to avoid foreclosure.
prefabricated house	A house manufactured and sometimes partly assembled before delivery to building site.
preferred stock	A class of corporate stock entitled to preferential treatment such as priority in distribution of dividends.
preliminary title report (prelim)	A report constituting a revocable offer by a title insurer to issue a policy of title insurance, used by a buyer and escrow for an initial review of the vesting and encumbrances recorded and affecting title to a property.
prepaid items of expense	Prorations of prepaid items of expense which are credited to the seller in the closing escrow statement.
prepayment	Provision made for loan payments to be larger than those specified in the note.

prepayment penalty	A levy charged by a mortgage holder to a borrower who pays off the outstanding principal balance on a mortgage prior to its maturity. [See RPI Form 418-2]
prescription	A process for acquiring property rights to use another's property, such as an easement, through adverse use hostile to the rights of the owner.
prescriptive easement	The right to use another's property established by the adverse use of the property for a period in excess of five years without a claim of ownership.
prescriptive right	The right to use water established by appropriating nonsurplus water openly and adversely for an uninterrupted period of five years without documentation of a legal right.
present value	Future rental net operating income discounted at a given rate of return minus the effects of inflation.
presumption	An assumption of fact that the law requires to be made from another fact or group of facts found or otherwise established in the section.
price adjustment provision	A provision contained in a purchase agreement calling for an adjustment in the price paid for a property to cover the costs necessary to bring the property into the condition as disclosed at the time of acceptance.
price appreciation	Any increase beyond the rate of consumer inflation above the price paid for property experienced by the owner on its resale.
price fixing	An arrangement among providers of the same service to sell their services only at a predetermined price.
price tier	A segment of the housing market, either low- mid- or high-tier, with low and upper price limits that change based on market factors. As opposed to the median price figure, the movement of the market is best understood through an analysis of individual price tiers.
price-to-earnings (P/E) ratio	The market value per share divided by earnings per share. This is a quick way to measure the price level of the stock market or an individual stock.
price-to-value difference	The difference between the price agreed to in a purchase agreement and the value of the property on the date the agreement is breached.
prima facie	Latin meaning first sight, a fact presumed to be true until disproved.
prime offer rate	A base rate used by banks to price short-term business loans and home equity lines of credit, set 3% above the federal funds rate.
prime rate	A base rate used by banks to price short-term business loans, set 3% above the federal funds rate.
principal	A person, an individual or an entity, acting as a buyer or seller, represented by a broker and their agents.
principal disputes	Disputes between a buyer and seller.
principal limit	The maximum mortgage amount available to the homeowner on a home equity conversion mortgage (HECM).
principal note	The promissory note which is secured by the mortgage or trust deed.
principal residence	The residential property where the homeowner resides a majority of the year.
principal residence profit exclusion	A tax exclusion on profit from a home sale up to a set dollar amount.
principal, interest, taxes and insurance (PITI)	The four components of monthly mortgage debt.
principles of value	The application of several appraisal principles to arrive at a final value. The basic principle is substitution.
prior lien	A lien which is senior or superior to others.
priority	The order in which trust deed liens on title to real estate hold their security interest in the property in the event of foreclosure.

priority of lien	The order in which liens are given legal precedence or preference.
private lender	An individual or non-government organization that lends money.
private mortgage insurance (PMI)	Default mortgage insurance coverage provided to a mortgage holder by private insurers on conventional mortgages with loan-to-value (LTV) ratios higher than 80%.
privity	Mutual relationship to the same rights of property, contractual relationship.
privity of contract	The relationship which exists between the persons who are parties to a contract.
privity of estate	A mutual or successive relationship to the same rights in property; a connection between persons to the same estate in property.
pro forma operating budget	A budget which discloses the amount of assessments collected by an HOA, its cash reserves and whether special assessments are anticipated to occur.
pro rata	In proportion; according to a percentage or proportion of a whole, such as annual property taxes, based on part of a month or year.
pro rata rent	Rental payment amount due for the portion of the rental period remaining after a change in the rent amount due. [See RPI Form 552 §4.1]
probate referee (on foreclosure)	An appraiser appointed by the court in a judicial foreclosure action to advise the court on a property's fair market value (FMV) on the date of the judicial foreclosure sale.
probate sale	A court managed sale of a property during the probate process.
procuring cause	That cause originating from a series of events that, without break in continuity, results in an agent producing a final buyer under an agency employment; the real estate agent who first procures a ready, willing, and able buyer for the agreed upon price and terms entitling them to a fee.
profit a prendre	The right to remove minerals from another's real estate.
profit and loss statement	A type of financial statement which discloses the tenant's business income, expenses and net operating income. [See RPI Form 209-2]
progress payments	Scheduled, periodic, and partial payment of construction loan funds to a builder as each construction stage is completed.
progression, principle of	The worth of a lesser valued residence tends to be enhanced by association with higher valued residences in the same area.
prohibited transactions	Improper investment of individual retirement account (IRA) funds by the IRA owner resulting in self-dealing, defined as transactions between the IRA and disqualified persons.
projection	An opinion about an income property's future performance based on its performance during the preceding 12-month period, adjusted for presently known trends.
promissory note	A document given as evidence of a debt owed by one person to another. [See RPI Form 421 and 424]
proof-of-loss statement	A statement submitted to the title insurance company by the insured referencing the encumbrance discovered after they were issued the policy, the amount of the loss and the basis for calculating the loss.
property	Everything capable of being owned and acquired lawfully. The rights of ownership. The right to use, possess, enjoy, and dispose of a thing in every legal way and to exclude everyone else from interfering with these rights. Property is classified into two groups, personal property and real property.
property appreciation	The portion of the increase in property prices beyond the rate of inflation.
property charges	On a home equity conversion mortgage (HECM), a collective term for property taxes, insurance, ground rents, fees and special assessments.
property expense profile	An itemized analysis of the costs a tenant or landlord will incur to operate and maintain a particular property. [See RPI Form 562]

property management	A service offered by a licensed real estate broker in their real estate business involving the marketing, operation, maintenance and day-to-day accounting for rental properties.
property management agreement	An employment agreement setting the rights, responsibilities and expectations of both the property manager and the landlord. [See RPI Form 590]
property operating data	The actual costs of operating a property for its intended use. [See RPI Form 306, 352 and 562]
property profile	A report from a title company providing information about a property's ownership, encumbrances, use restrictions and comparable sales data.
Proposition 13	A 1979 California state constitutional amendment restricting property tax increases in years following acquisition by limiting annual increases in assessed value of real estate to no more than 2%, or the rate of consumer inflation if less.
proration	Provisions entitling the seller to a credit for the portion of prepaid sums which have not accrued on obligations a buyer assumes on the day escrow closes, or entitling the buyer to a credit for amounts assumed which accrued unpaid through the day prior to the close of escrow. [See RPI Form 401 §10]
proration of taxes	To divide or prorate the taxes equally or proportionately to time of use, usually between seller and buyer.
protected group	A class of people who receive special protections against discrimination due to their distinguishing factors.
proximate cause	That cause of an event which, in a natural and continuous sequence unbroken by any new cause, produced that event, and without which the event would not have happened. Also, the procuring cause.
prudent investor standard	A property management standard reflecting the expectations of a well-informed investor for efficient and effective management of rental income and expenses.
public accommodation	Property owned, leased or operated by a private entity whose operation affects commerce.
public controls	State laws, zoning regulations, building codes and local plans designed to protect property values and control growth.
public housing	Subsidized housing typically reserved for low-income families, the elderly, and persons with disabilities.
public nuisance	A nuisance affecting an entire segment of the public.
public policy	A system of laws maintained by local, state or federal government for the conduct of its people.
public records	Documents recorded with the county and available to the public. Includes information regarding property ownership, property tax values and pending litigation.
public trustee	The county public official whose office has been created by statute to whom title to real property in certain states, e.g., Colorado, is conveyed by Trust Deed for the use and benefit of the beneficiary, who usually is the lender.
puffing	An exaggeration of a property feature or benefit which, if reasonably believed to be fact, can rise to misrepresentation and fraud.
punitive damages	Monies awarded in excess of actual money losses in order to deter unlawful actions.
purchase agreement	The primary document used as a checklist to negotiate a real estate sales transaction between a buyer and seller. [See RPI Form 150- 159]
purchase and installment saleback	Involves purchase of the property upon completion of construction and immediate saleback on a long-term installment contract.
purchase and leaseback	Involves the purchase of property by buyer and immediate leaseback to seller.

purchase money paper	A nonrecourse note evidencing a debt for the purchase of a one-to-four unit residential property the buyer is going to occupy, or a seller carryback note and trust deed as an extension of credit to a buyer of any type of real estate which is secured solely by the property sold.
purchase of land, leaseback and leasehold mortgages	An arrangement whereby land is purchased by the lender and leased back to the developer with a mortgage negotiated on the resulting leasehold of the income property constructed. The lender receives an annual ground rent, plus a percentage of income from the property.
purchase-assist funding	The use of proceeds from a mortgage to fund the price paid by the borrower to acquire real estate.
purchase-money debt	A mortgage which funds the purchase or construction of a one-to-four unit owner-occupied residence, also called a nonrecourse debt.
purchase-money mortgage	Nonrecourse mortgage financing provided by a lender as purchase-assist funding for the purchase of a one-to-four unit residential property the buyer is going to occupy, or a seller carryback note and trust deed as an extension of credit to a buyer of any type of real estate which is secured solely by the property sold. Anti-deficiency mortgage.
purchasing power	A homebuyer's ability to purchase property funded by a purchase-assist mortgage based on 31% of their gross income for mortgage payments at current interest rates.
pure risk	Entirely unacceptable acts leading to absolute liability for the misconduct.
pure-net lease	A commercial lease in which a tenant assumes absolutely all the obligations of ownership. [See RPI Form 552-2 and 552-3]
put option	A provision in all trust deeds which, in tandem with anti-deficiency laws, grants the owner of mortgaged real estate the right to default and force the mortgage holder to first sell or buy the property through foreclosure for the amount of the mortgage debt.
pyramiding	The practice of assessing a late charge for the delinquent payment of a previously assessed late charge.
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