

Term	Definition
safety clause	A provision in an exclusive listing agreement earning the broker a fee during an agreed safety period after expiration of the employment for marketing efforts with identified buyers, tenants or property, if the client sells the listed property to an identified buyer or purchases or leases an identified property during the safety period. [See RPI Form 102 §3.1(d), 103 §4.1(c) and 110 §3.1(d)]
safety conditions	Property conditions which do not meet current building codes and might affect property value.
safety period	An agreed period commencing on expiration of a broker's employment during which a broker earns a fee under safety clause conditions
sale and leaseback	A financial arrangement allowing an owner of a property they occupy to sell the property and retain occupancy by agreeing to lease the property from the buyer as part of the purchase agreement negotiated. The seller receives cash while the buyer is assured a tenant and a fixed return on their investment.
sale-leaseback and purchase option arrangement	A disguised mortgage arrangement created when a seller conveys title to an investor/lender and retains possession under a lease agreement with the right to repurchase title and redeem the property for a fixed dollar sum.
sale-leaseback-buy-back	A sale and leaseback transaction in which the leaseholder has the option to buy back the original property after a specified period of time.
sales contract	A contract by which buyer and seller agree to terms of a sale.
sales goal	The amount of after-tax income agents and brokers intend to earn as a result of their real estate licensing activities.
salvage value	In computing depreciation for tax purposes, the reasonably anticipated fair market value of the property at the end of its useful life and must be considered with all but the declining balance methods of depreciation.
sandwich lease	A leasehold interest which lies between the primary lease and the operating lease.
sash	Wood or metal frames containing one or more window panes.
satisfaction	Discharge of a mortgage or trust deed from the records upon payment of the debt.
satisfaction piece	An instrument for recording and acknowledging payment of an indebtedness secured by a mortgage.
savings and loan association (S&L)	A financial depository institution which accepts deposits and makes mortgages and other loans, also known as a thrift.
savings rate	The percentage of an individual's monthly disposable income which is not spent.
Schedule A	Identification of the property interest insured, the legal description of the insured property, the date and time coverage began, the premium paid for the policy and the total dollar amount to be paid for all claims settled.
Schedule B	Exceptions from coverage, both standard and itemized, by the title insurance policy.
scribing	Fitting woodwork to an irregular surface.
seal	An impression made to attest the execution of an instrument.
seasoned loan	A loan on which the borrower has consistently made payments when due for an extended period of time.
second home	An individual's alternative residence where they do not reside a majority of the year.
secondary easement	An easement on a property which abuts a primary easement and allows the user of that easement to further enter upon the property for purposes of maintaining the primary easement.

secondary financing	A loan secured by a second mortgage or trust deed on real property. These can be third, fourth, fifth, sixth mortgages or trust deeds, on and on ad infinitum.
secondary mortgage market	A market where mortgages are sold by originators to bundlers who aggregate them into pools which become collateral for bonds sold to investors, called mortgage backed securities (MBS).
section	A portion of land is established by government survey which contains 640 acres and is one mile square.
Section 8 housing	A government housing program for low income households which provides qualifying tenants with rent subsidies and minimum habitability standards.
Section 32 mortgage	A consumer mortgage subject to additional disclosures and restrictions due to its high points and fees or an annual percentage rate (APR) or prepayment penalty duration which exceeds thresholds set by the federal Truth in Lending Act (TILA).
Section 35 mortgage	A closed-end consumer mortgage secured by a principal residence and subject to mandatory impounds, appraisal requirements and restrictions due to an annual percentage rate (APR) which exceeds thresholds set by the federal Truth in Lending Act (TILA).
Section 609 credit dispute	A credit repair tactic which disputes outdated and unverifiable derogatory information.
secular stagnation	An abnormally lengthy period of sluggish economic growth.
Secure and Fair Enforcement for Mortgage Licensing Act (SAFE Act)	A federal consumer protection law which created a uniform national licensing and registration scheme for mortgage loan originators (MLOs).
secured loan transaction	A mortgage transaction which places a lien on the owner's interest in a property for the amount of the debt owed the mortgage holder, including financial transactions documented by sellers as sale-leaseback and purchase lease-option arrangements.
secured party	This is the party having the security interest. Thus the mortgagee, the conditional seller, the pledgee, etc., are all now referred to as the secured party. (Uniform Commercial Code.)
securitization	The process of Wall Street bankers breaking up mortgage pools into mortgage-backed bonds and selling these bonds to various banks and individual investors.
security	Collateral for a debt in the form of a lien imposed on property, such as a security device, an abstract of a money judgment or tax lien.
security agreement	An agreement entered into between a mortgage holder and buyer to grant the mortgage holder additional security in the form of a lien on personal property described in the agreement. [See RPI Form 436]
security deposit	A source of funds to pay tenant obligations owed the landlord on the tenant's default in the rental or lease agreement. [See RPI Form 550 §2.1 and 552 §1.2]
security interest	A generic term designating the interest held in real estate or personal property by a lender, carryback seller or judgment creditor which is evidenced by either a trust deed, UCC-1 financing statement or abstract of judgment. [See RPI Form 450 and 436-1]
seisin (seizin)	Possession of real estate by one entitled thereto.
self-directed IRA	An individual retirement account which enables the account owner to invest the IRA funds in a broad range of investments such as real estate, giving the owner direct and continuing control over the management of IRA funds.

self-help	One of several enforcement steps taken by a lender when an owner defaults on a post-1996 trust deed, in which the lender takes possession of the property and collects rents nonjudicially.
sell phase	The ideal moment to sell property, characterized by rising prices, monthly decreases in sales volume and a yield spread falling for at least six months.
seller financing	A note and trust deed executed by a buyer of real estate in favor of the seller for the unpaid portion of the sales price on closing. Also known as an installment sale, credit sale or carryback financing.
seller's agent	An agent representing the seller. Also known as a listing agent. [See RPI Form 102]
seller's market	A real estate market characterized by high homebuyer demand and low housing inventory.
seller's net sheet	A document prepared by a seller's agent to disclose the financial consequences of a sale when setting the listing price and on acceptance of a buyer's price in a purchase offer. [See RPI Form 310]
seller-may-cancel provision	A purchase agreement provision authorizing the seller to cancel if a specified condition or event does not occur, whether or not the agreement contains a time-essence provision.
senior citizen housing	Housing intended for persons 55 or 62 years of age or older.
seniors	Those over the age of 65.
separate fee agreement	An agreement between the seller and the seller's broker in a sales transaction, separate from the buyer's purchase agreement offer, that obligates the seller to pay a broker fee to their agent.
separate property	Property owned by a married person in his or her own right outside of the community interest including property acquired by the spouse (1) before marriage, (2) by gift or inheritance, (3) from rents and profits on separate property, and (4) with the proceeds from other separate property.
separated report	A report issued by a structural pest control company which is divided into Section I items, noting active infestations, and Section II items, noting adverse conditions which may lead to an infestation.
septic tank	An underground tank in which sewage from the house is reduced to liquid by bacterial action and drained off.
service provider	An individual or company which offers services connected with a prospective or actual consumer mortgage origination.
servicer	An individual responsible for receiving scheduled payments from a homeowner by arrangement with the mortgage holder.
servicing	Supervising and administering a mortgage after its origination, involving collection of payments, maintenance of records, computation of interest and principal, foreclosure of defaulted loans and so on.
servicing loans	Supervising and administering a loan after it has been made. This involves such things as collecting the payments, keeping accounting records, computing the interest and principal, foreclosure of defaulted loans and so on.
servient tenement	A property burdened by a license or easement.
set aside	To annul by court order a document transferring an interest in real estate.
set back ordinance	An ordinance requiring improvements built on property to be a specified distance from the property line, street or curb.
settlement service	Any service provided in connection with a prospective or actual consumer mortgage origination.
severalty	Ownership by one person.
shadow demand	The real estate demand created by potential households whose formation is delayed by poor economic conditions.

shadow inventory	The inventory of properties whose pending release onto the market (e.g., REOs, foreclosures, speculator holdings) will destabilize real estate sales volume and prices.
shared appreciation mortgage (SAM)	A type of split-rate note calling for the property owner to periodically pay interim interest at a fixed rate, and when the balance is due, to further pay the holder of the note as additional interest an agreed fraction of the property's increased value. [See RPI Form 430]
shareowners	Investors in real estate investment trusts (REITs) and other securities. Shareowners are subject to the gains and losses experienced by the company issuing the security.
sheriff's deed	Deed given by court order in connection with sale of property to satisfy a judgment.
sheriff's sale	A public auction of property held by the sheriff pursuant to a court order to seize and sell the property to satisfy a money judgment.
short payoff	A sale in which the lender accepts the net proceeds at closing in full satisfaction of a greater amount of mortgage debt.
short sale	A sale of encumbered property in which the mortgage lender accepts the net proceeds at closing in full satisfaction of a greater amount of mortgage debt.
short-term rate	A variable interest rate which changes often, driven by Federal Reserve actions to keep inflation and deflation in check.
signage provision	A provision in a nonresidential lease agreement which gives the landlord control over the size, style, content and location of signs constructed or installed on the leased premises.
signer	An employee who has written authorization from the broker to withdraw or disburse funds from the trust account.
simple interest	Interest computed on the principal amount of a loan only as distinguished from compound interest.
single agency	The buyer's agent who is paid their fee on a transaction by their buyer client, and does not fee split or otherwise share in the fee received by the seller's broker.
single family residence	A housing structure, attached or detached, maintained and used as a single dwelling unit.
sinking fund	Fund set aside from the income from property which, with accrued interest, will eventually pay for replacement of the improvements.
site valuation	The appraised valuation of the ground (site) separate from any structure (improvement) that may be on the site.
skin in the game	A risk management measure of a purchaser's stake in an investment, such as a homebuyer's down payment on a home purchase.
slander of title	False and malicious statements disparaging an owner's title to property resulting in money losses to the owner.
small claims	An informal court proceeding for disputes over amounts of \$5,000 or less, or \$10,000 or less for individuals.
small lender	A lender with assets of \$2.052 billion or less which made 2,000 or fewer first-lien consumer mortgages in the preceding calendar year (two years, for applications received before April 1).
small lender qualified mortgage	A type of qualified mortgage (QM) under Regulation Z (Reg Z) which allows small community mortgage lenders to include features otherwise prohibited in consumer mortgages.
small mortgage	A first trust deed debt not exceeding \$30,000 or a junior trust deed debt not exceeding \$20,000.
solar easement	An easement restricting an owner's ability to maintain improvements interfering with a neighbor's solar energy system.

sole proprietor	A broker who conducts business as an individual rather than through a licensed corporate entity.
special advisor	A state-licensed certified public accountant or attorney in good standing appointed by a self-directed IRA LLC operating agreement who will be consulted on a transaction involving the LLC for the purpose of determining whether the transaction is allowed or prohibited.
special assessment	A lien against real estate by a public authority to pay the cost of public improvements, such as street lights, sidewalks and street improvements. In a common interest subdivision, an additional charge levied by the association for unanticipated repairs.
special damages	Money losses not incurred directly from another's breach of a real estate agreement, but which are naturally incurred as a result of the breach. Also known as consequential damages.
Special Information Booklet	A required Truth in Lending Act (TILA) disclosure containing information about the consumer mortgage process, mortgage features and costs.
special power of attorney	A written instrument whereby a principal confers limited authority upon an agent to perform certain prescribed acts on behalf of the principal.
special warranty deed	A deed in which the grantor warrants or guarantees the title only against defects arising during grantor's ownership of the property and not against defects existing before the time of grantor's ownership.
specific performance action	An action to compel performance of an agreement, such as a purchase agreement or assignment of rents.
speculator	A real estate investor who owns property short-term, sandwiching themselves between the seller and end user of the property.
stacking order	The order of mortgage application documents requested by a lender.
stagflation	The economic concurrence of high inflation, slow economic growth and high unemployment. Noted stagflation occurred most recently in the 1970s.
standard depth	Generally the most typical lot depth in the neighborhood.
standby commitment	The mortgage banker frequently protects a builder by a standby agreement, under which banker agrees to make mortgage loans at an agreed price for many months into the future. The builder deposits a standby fee with the mortgage banker for this service. Frequently, the mortgage broker protects self by securing a standby from a long-term investor for the same period of time, paying a fee for this privilege.
starfish puzzle	Just as starfish sprout arms in unpredictable directions, the unpredictability of the direction of new markets during a recovery.
start-up fee	A flat, one-time fee charged by a property manager for the time and effort taken to become sufficiently familiar with the operations of the property to commence management.
State Water Resources Control Board	Government entity established to ensure the proper allocation and efficient use of state water resources.
state-licensed mortgage loan originator (MLO)	A mortgage loan originator (MLO) licensed and regulated by a state agency.
statement of deficiencies	A document a residential landlord presents to a vacating tenant specifying any repairs or cleaning to be completed by the tenant to avoid deductions from the security deposit. [See RPI Form 567-3]
statement of financial position	A balance sheet prepared by a homeowner which lists the dollar amounts of the homeowner's assets and liabilities. [See RPI Form 209-3]
Statute of Frauds	California state law requiring specific types of contracts to be in writing and signed by the person to be charged with performance before they will be enforceable by a court, e.g., purchase agreements and lease agreements for a term of more than one year.

statute of limitations	A period of time establishing the deadline for filing a lawsuit to resolve a dispute.
statutory breach	A breach of the lease agreement which automatically forfeits the tenant's right of possession.
statutory warranty deed	A short term warranty deed which warrants by inference that the seller is the undisputed owner, has the right to convey the property, and will defend the title if necessary. This type of deed protects the purchaser in that the conveyor covenants to defend all claims against the property. If conveyor fails to do so, the new owner can defend said claims and sue the former owner.
stay-or-pay clause	An unenforceable provision calling for the residential tenant to forego a return of their security deposit if they move before a set date.
steering	An unlawful housing practice that includes words or actions by a real estate sales licensee intended to influence the choice of a prospective buyer or tenant. A violation of federal fair housing provision that seek to eliminate discrimination in the sale or rental of housing.
stepped-up basis	The readjustment of an appreciated asset's cost basis to fair market value for future tax purposes when transferred by inheritance.
sticky pricing	A seller's irrational reliance on past home pricing as a basis for setting current pricing, called the money illusion.
straight line depreciation	A method of depreciation under which improvements are depreciated at a constant rate throughout the estimated useful life of the improvement.
straight note	A note calling for payment of the entire amount of principal and accrued interest in a single lump sum when the principal is due. [See RPI Form 423]
strategic default	Intentionally defaulting on a mortgage to force the lender to foreclose and buy the property for the mortgage debt amount, called a put.
strict liability	To be liable for another's injuries without concern for fault.
strict rent control	A type of rent control ordinance that limits rent increases on all rental units.
Structural Pest Control report (SPC)	A report disclosing any active infestations, damage from infestations or conditions which may lead to infestations.
subaccount ledger	An accounting document or file identifying the owner of trust funds and the amount held for the owner.
subagent	An individual who has been delegated agency duties by the primary agent of the client, not the client themselves.
Subdivided Lands Act (SLA)	A law administered by the California Bureau of Real Estate (CalBRE) which protects purchasers of subdivided land consisting of five-or-more parcels or condominium and apartment projects containing five-or-more units (with exceptions) from fraud.
Subdivided Lands Law	Government regulations that empower the Real Estate Commissioner to approve a public report for the sale of property divided and developed by the land owners.
subdivision	An activity by an owner of real estate which divides a greater parcel of land into several separate smaller parcels for the purpose of sale, lease or financing as regulated by law.
Subdivision Map Act	A California subdivision law stating conditions for the approval of a subdivision map and requiring local governments to enact ordinances directly controlling the types of subdivision projects permitted and the physical improvements to be installed.

subject to a mortgage	When a grantee takes title to real property subject to a mortgage, grantee is not responsible to the holder of the promissory note for the payment of any portion of the amount due. The most that grantee can lose in the event of a foreclosure is grantee's equity in the property. (See also assumption of mortgage.) In neither case is the original maker of the note released from primary responsibility. If liability is to be assumed, the agreement must so state.
subject-to transaction	A sale of mortgaged property calling for the buyer to take title subject to the mortgage, the principal balance being credited toward the purchase price paid. Compare with formal assumption. [See RPI Form 156 §5]
sublease	A leasehold interest subject to the terms of a master lease.
submerged state	The subtle operation of many government social programs that collectively promote or discourage a particular activity, such as homeownership.
subordinate	To make subject to, or junior or inferior to by use of a subordination agreement.
subordination	The rearrangement of mortgage lien priorities on title in which a mortgage lien takes a lesser or junior position to another mortgage lien on a property.
subordination agreement	An agreement entered into by a mortgage holder to permit their security interest in title to the mortgaged property to take an inferior position to another encumbrance. [See RPI Form 281]
subornation	The act of inducing another person to commit an unlawful act.
subpoena	A legal order to cause a witness to appear and give testimony.
subprime	In mortgage lending, a borrower who poses a higher risk of not timely repaying a mortgage, or a mortgage with a high risk of default due to inferior underwriting standards.
subprime borrower	A borrower who poses a higher risk of not repaying a loan as agreed.
subprime mortgage	A mortgage made to a borrower based on loose underwriting standards and resulting in a high risk of default.
subrogation	The replacement of one person with another in regard to a legal right or obligation.
subscription agreement	A form agreement used by a syndicator when soliciting and subscribing investors for cash contributions to a limited liability company (LLC) for investment in real estate, to confirm their receipt and approval of the investment circular and LLC operating agreement, and acknowledge receipt of the funds they contribute and their membership in the LLC. [See RPI Form 373]
subsidy	The government support of a particular entity or activity. For homebuyers, these come in the form of tax credits.
subsidy buydown	Funds provided usually by the builder or seller to temporarily reduce the borrower's monthly principal and interest payment.
substituted service	In place of personally serving the tenant, the notice is personally delivered to a person of suitable age at the tenant's residence or place of business and is mailed to the leased premises, or posted on and mailed to the premises.
substitution, principle of	Affirms that the maximum value of a property tends to be set by the cost of acquiring an equally desirable and valuable substitute property, assuming no costly delay is encountered in making the substitution.
successor tenant	On a transfer, the new tenant who acquires by assignment the original tenant's entire leasehold interest in the property. [See RPI Form 552 §9]
sum of the years digits	An accelerated depreciation method.
super-conforming mortgage	A conforming loan with a maximum principal amount adjusted for a high-cost area.
superior court system	California's trial court system.

supervisory scheme	Policies and rules established by the California Bureau of Real Estate controlling a broker's oversight of licensed and unlicensed individuals employed by the broker.
supply	The available inventory a local real estate market is able to offer.
supply and demand, principle of	In appraising, a valuation principle stating that market value is affected by intersection of supply and demand forces in the market as of the appraisal date.
supra-competitive	A market condition where prices are unfairly set by collusion, preventing others from entering the market and hurting consumers.
Supreme Court	The final court for appeals in both the state and federal court systems.
surety	One who guarantees the performance of another Guarantor.
surplus funds	Funds remaining when the price paid for property by the successful bidder at a trustee's sale exceeds the amount of debt and costs due the foreclosing mortgage holder.
surplus productivity, principle of	The net income that remains after the proper costs of labor, organization and capital have been paid, which surplus is imputable to the land and tends to fix the value thereof.
surrender	A mutual cancellation of a lease agreement by the landlord and the tenant, written or by their conduct, when the tenant vacates the leased premises. [See RPI Form 587]
survey	The process by which a parcel of land is measured and its area is ascertained.
suspended losses	A capital loss incurred as a result of passive activities on a property that is not realized in a given tax year and carried forward for use in future years to offset income or profits from the property incurring the loss.
syndication	When a group of investors form a limited liability company to fund the purchase price and carrying costs of owning real estate.
syndicator	An individual who solicits cash contributions from investors to fund a limited liability company which will acquire real estate for investment purposes.
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