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ABSTRACT - a condensed summary of all recorded documents affecting the property's title, showing recorded conveyances, transfers, encumbrances, etc. This history of the chain of title is used as evidence of title.

ACCELERATION CLAUSE - a clause in a note, mortgage or deed of trust which requires Immediate payment of the entire debt if certain conditions are violated. Default and alienation of title are the two most common violations involved, although failure to maintain the property, pay taxes, etc. are other conditions generally Included in this clause.

ACCEPTANCE - a voluntary consent with a complete and unconditional agreement by the offeree to be bound by the terms of the contract.

ACCESSION - the theory that the land owner is entitled to all that the soil produces and all improvements added to the land either intentionally or by mistake.

ACCRETION - gradual buildup of additional land by the forces of nature, such as occurs when wind or tides add sand deposits to waterfront properties. This new land becomes the property of the riparian or littoral owner.

ACCRUED - something which has accumulated over a period of time; such as, accrued interest, accumulated interest that is now due and payable, or accrued expenses, which are expenses that have been incurred but not yet paid.

ACCRUED DEPRECIATION - any loss of utility or value. It is the difference between the cost of new replacement of the improvements and the present appraised value of the improvements.

ACKNOWLEDGEMENT - the act by which a party signing a document goes before an authorized official, such as a notary public, and declares the same to be his voluntary act. This is designed to help prevent forgeries and fraudulently induced documents. It is the official's responsibility to check his or her Identification to make sure that the name the person is signing is indeed his or her own.

ACME INSTITUTE STUDENT – A student of the best real estate school in Michigan.

ACQUISITION COST - the total amount of money or other valuable consideration given to obtain an Interest in property. This Includes the price, dosing costs, finance charges, etc.

ACRE - an area of land containing 43,560 square feet.

ACTUAL EVICTION - the actual expulsion of the tenant out of all or some part of the leased premises; the physical ousting.

ACTUAL NOTICE - the knowledge that one has gained, based on what he has seen, read or heard; i.e., If you see someone living in a certain house, you have "actual notice" that he has an interest of some kind in the property.

ADHESION CONTRACT - a contract that Is very one-sided in favor of the party who drafted It. An adhesion contract is one in which serious doubt arises as to whether it is a voluntary, uncoerced agreement.

ADJUSTED MARKET PRICE - in appraising, the value of a comparable property after adjusting for differences between it and the subject property.

ADMINISTRATOR - the person appointed by the probate court to settle the estate of a person who died Intestate (without a will). Some states use the term, "Personal Representative."

AD VALOREM (Latin) - based upon or according to value. Property taxes are ad valorem, based on value.

ADVERSE POSSESSION - a method of acquiring title to real property that is owned by someone else by holding open, continuous, hostile and notorious possession for a statutory period of time.

AFFIDAVIT - a statement or declaration reduced to writing, signed and sworn to before a notary public or other authorized official.

AFFIRMATIVE ACTION PROGRAM - a detailed plan used to overcome the causes and effects of discrimination. The Federal Department of Housing and Urban Development (HUD) monitors the program in the housing industry promoting affirmative action and investigates complaints.

AGENCY - the relationship between principal and agent, formed by a contract In which the principal employs the agent to act in his behalf In dealing with third parties. The contract defines and limits this authority.

AGENT - the person authorized to represent someone.

AIR LOT - a designated cube of air such as a condominium unit on the second floor. The title to this air space can be transferred just like ownership of any other real property.

AIR RIGHTS - the right of the real property owner to use, control and occupy the space above the physical surface of his or her land. ALIENATION - the transferring of the title to property from one person to another. This transfer can be either voluntary or involuntary.

ALIENATION CLAUSE - a clause in a mortgage, note or deed of trust which requires full payment of the debt in the event title is transferred without the approval of the creditor. See DUE ON SALE.

ALLODIAL SYSTEM - the free ownership system in which the ownership of the land is held by individual owners. This is the system used in the United States in which individuals are free to buy, sell, and own property. This system is the opposite of the feudal system in which the ownership of the land is vested in the king or sovereign power.

ALTER EGO - a second side of a person; it is said that an agent acts as an alter ego of his principal.

AMENITIES - the satisfaction one receives through using the rights in realty; the enjoyment gained from home ownership, not money or income, but pleasure, such as from a beautiful view or enjoyment from a swimming pool.

AMORTIZATION - the process of paying off a debt by regular installments.

AMORTIZED LOAN - a loan in which regular payments are made and from each payment the amount of interest due is subtracted and the balance of the payment applies to the principal; therefore, each payment reduces the debt and the final payment leaves a zero balance.

ANCHOR TENANT - a desirable tenant, such as a large department store or a nationally known chain, that forms the nucleus of a shopping center. Anchor tenants are sought out first and are given favorable leases.

ANNEXATION - (1) the addition of personal property to real property; (2) to extend the limits of a city to bring more property within the city limits.

ANNUAL - once a year; per annum.

ANNUAL PERCENTAGE RATE (APR) - the total cost of credit, expressed as a percentage. The APR includes the interest rates and other finance charges.

ANNUL - to render ineffective; to legally cancel; to void.

ANTICIPATION, PRINCIPAL OF - changes in value because of a future benefit or detriment which will affect the property.

APPORTIONMENT - (1) the dividing of expenses between the buyer and seller at the time of the closing; (2) the division or partition of property into proportionate parts.

APPRAISAL - a formal opinion or estimate of value by one who is qualified to evaluate factors of value. APPRAISED VALUE - the worth of a property as determined by an appraiser. APPRAISER - an individual who gives his or her professional opinion as to the value of the property. APPRECIATION - an increase in property value. The opposite of depreciation.

APPRECIATION RATE - the percentage figure used to compute the increases in the value of real property.

APPURTENANCE - anything, such as a physical item or a right or a privilege, that passes with the title to the land; i.e., buildings, fences, fixtures, easements, mineral rights, etc.; that which goes with or pertains to land.

ARCHITECTURE - the science and art of structural design; a building's style.

ARM'S LENGTH TRANSACTION - a transaction between two parties that have equal bargaining positions. Each party is cautious and knowledgeable, and there is no special relationship or trust between them.

ASSESSED VALUE - the value placed on property for the purpose of taxation. This is usually a certain percentage of the market value of the property.

ASSESSMENT - (1) the act of evaluating a property for the purpose of levying a tax; (2) a special levy to pay for such items as sidewalks, curbs or paving the street; (3) the allocation of proportionate individual shares of a common expense, such as dividing the maintenance expenses for a condominium or a cooperative among the different units.

ASSESSOR - a public official who evaluates property for the purpose of taxation.

ASSIGNABILITY - the ability of something to be transferred to another person; the state of being assignable. ASSIGNEE - one to whom a transfer of interest is made.

ASSIGNMENT - the transfer by a party of all of his or her rights and interests in something to another. Assignment usually refers to the transferring of ownership of personal property, such as a lease, mortgage, or option.

ASSIGNMENT OF LEASE - the transfer of the lessee's interest in a lease to another person.

ASSIGNMENT OF MORTGAGE - the transfer of a mortgage from one to another. An assignment of mortgage is usually a transfer of a mortgage from the mortgagee to an Investor in the secondary mortgage market.

ASSIGNOR - one who transfers an interest in property to another person.

ASSOCIATE BROKER - a broker who works in conjunction with one or more other brokers or within a corporation or partnership.

ASSUMED NAME - a name chosen under which to conduct business that is not the name of the person under whom the business is registered. See DBA.

ASSUMPTION OF MORTGAGE - the process of acquiring title to property which is the security of an existing mortgage and agreeing to be personally liable for the terms and conditions of the mortgage.

ATTORNEY AT LAW - a qualified, licensed legal agent. A person who graduated from an accredited law school and practices law in the state in which he or she was admitted to the bar; a lawyer.

ATTORNEY IN FACT - a person who has been given the authority to act for another person. The document that gives him this authority is called a power of attorney. An attorney-in-fact may be given the authority to sign contracts that are legally binding on the principal, the person granting the power of attorney.

ATTORNEY'S OPINION OF TITLE - a statement issued by an attorney, after he has examined the abstract or other documents, used as evidence of title, giving his opinion of the marketability of the title.

AVULSION - the sudden removal of land from one property to that of another owner, usually the result of a sudden or violent act of nature.

B

BALLOON LOAN - a loan in which one (or more) payment is larger than the regular payments. A typical balloon loan, for example, might require \$400 per month for ten years and then a final "balloon" payment of \$5,000.

BALLOON PAYMENT - A payment in a balloon loan that is larger than the regular payments. Any payment that is required to be larger than the other payments.

BANK - (1) a commercial establishment whose main purposes are (a) to hold money in safekeeping and pay interest to the depositor for the privilege of doing so, (b) to loan money and receive a higher rate of interest in return, and (c) to exchange money, extend credit, and assist individuals and companies in transmitting funds; (2) ground bordering a watercourse.

BARGAIN AND SALE DEED - a deed that contains no covenants but does imply that the grantor owns the property being conveyed.

BASE LINES - imaginary lines, running east and west in the government survey method of property description and naming perpendicular to meridian lines.

BASE RENT - the minimum rent charged in a percentage lease.

BENCH MARKS - permanent markers that show the elevation, at that point, placed by a surveyor.

BENEFICIARY - (1) a person who is designated to receive the proceeds from a will, insurance policy, trust, etc.; (2) the lender under a deed of trust.

BEQUEATH - to leave personal property in a will or to give as a gift. BIENNIAL - occurring twice a year; semi-annual.

BIENNIAL - occurring once every two years.

BILATERAL CONTRACT - a contract which results when a promise is exchanged for another party's promise. BILL OF SALE - a document used to transfer ownership of personal property.

BINDER - (1) an agreement made preliminary to the actual contract to sell property, used as a temporary arrangement; (2) an insurance binder gives immediate insurance coverage until a regular policy can be issued.

BLANKET MORTGAGE - a mortgage which is secured by two or more properties.

BLIND AD - an advertisement, placed by a licensee, that does not include the license status or the correct name in which the broker is licensed. Blind ads are illegal in some states, such as Michigan.

BLOCKBUSTING - the illegal practice of inducing a change in the neighborhood and/or exploitation of the situation for profit by urging residents to sell their homes quickly at deflated prices. It is illegal to create fears that a change in the neighborhood with respect to race, sex, religion, color, national origin, handicap, or familial status will result in a decline in property values, thus causing an abnormally high turnover. This is also called "panic peddling" and is a violation of federal civil rights laws. Most states also have state laws against blockbusting and, in some states, such as Michigan, it is also illegal with respect to age.

BLUE LAWS - religious laws passed down from colonial days restricting the transaction of business on Sundays and certain holidays. This law has been dropped by Michigan and most other states regarding real estate.

BLUE SKY LAWS - state laws designed for consumer protection against fraudulent practices in the promotion and sale of securities.

BOARD OF EQUALIZATION - the agency which determines the assessed value of public utility properties and supervises county assessors and tax collectors to assure uniformity in tax assessment and collection practices.

BONA FIDE - genuine and in good faith; without fraud.

BONA FIDE PURCHASER - a purchaser who, in good faith and for valuable consideration, acquires property without any actual or constructive notice of any prior rights or claims of third persons against the title.

BORROWER - a person who receives money or something of value with the expressed or implied intention of repayment.

BRANCH OFFICE - an additional office for conducting business, as distinguished from the main office, from which real estate business is conducted. In Michigan, each branch office must have a branch office license.

BREACH OF CONTRACT - failure to perform as required by a contract without a legal excuse.

BROKER - a living or legal person licensed to act as an agent to negotiate for the sale, lease, exchange, or financing of property for a fee.

BROKERAGE - the business of buying, selling or managing property for others.

BUDGET MORTGAGE - a mortgage loan that includes in each periodic payment a proportionate amount for taxes, insurance or other costs, in addition to the principal and interest payment; referred to as PITI (principal, interest, taxes and insurance).

BUILDING CODES - the codes or restrictions established by a government body, such as a city, county, or state, for regulating the construction of buildings and specifying minimum construction standards.

BUILDING CONTRACT - an agreement entered into by a contractor and an owner for the construction of a building.

BUILDING INSPECTOR - the authorized individual who reviews the various stages of building construction to verify conformance with the requirements of building codes.

BUILDING PERMIT - a written authorization from the local government allowing the construction or remodeling of improvements within its jurisdiction.

BULK TRANSFER - a sale of a business in which a major part of the inventory or supplies are included in the sale.

BUNDLE OF RIGHTS - describes the legal rights and interests included in the ownership of real estate that are possible within the framework of the law, such as the rights to sell, lease, mine, build, mortgage, improve, or devise.

BUSINESS CHANCE BROKER - a special license, in some states, given to a person who negotiates the sale of businesses for others for a fee. In Michigan, this function is included in a broker's license.

BUSINESS OPPORTUNITIES - a business or going concern which is for sale; sometimes called the "good will" of an existing business; usually includes the name, stock, fixtures, and sometimes their leasehold rights.

BUY AND SELL AGREEMENT - see SALES CONTRACT.

BUYER'S MARKET - an economic situation in which there are more sellers in the market than there are buyers. As the supply of properties for sale exceeds the demand, the prices will be driven down.

C

CADASTRAL MAP - a map of an area of land showing the boundaries and names of the different owners of record. Plat maps are cadastral maps.

CAPITAL - (1) the money and assets that a person has or uses; (2) the net worth of a business enterprise.

CAPITAL GAIN - profit from the sale of a capital asset other than from the usual course of business.

CAPITAL IMPROVEMENTS - improvements that will extend the useful life of the property and/or increase its value.

CAPITALIZATION - the mathematical process of using the net income to indicate the value of a property by using a reasonable rate of return.

CAPITALIZATION APPROACH - see INCOME APPROACH.

CAPITALIZATION RATE - a percentage that reflects an acceptable return on the original investment and a recapture of that original investment to the investor. This percentage is used in the income approach to appraising and is usually chosen as a rate that is reasonable for the risks involved.

CASH FLOW - the net income from an investment after deducting all expenses, except income taxes, from the gross income.

CAVEAT EMPTOR - a Latin phrase meaning "let the buyer beware." Under the theory of this legal maxim, the buyer is expected to inspect, judge and evaluate the property carefully before purchasing.

CERTIFICATE OF COMPLIANCE - a certificate issued by a governmental body (usually local) that states that a structure meets local zoning and building codes; also called a Certificate of Occupancy.

CERTIFICATE OF ELIGIBILITY - a certificate to a veteran who has been determined to qualify for a VA loan from the Veteran's Administration.

CERTIFICATE OF NO DEFENSE - a written payoff balance that states the total balance that is owed; also called an estoppel certificate.

CERTIFICATE OF REASONABLE VALUE (CRV) - an appraisal commitment from the Veteran's Administration used to set the value of a property being proposed for purchase by a veteran under the GI Bill of Rights.

CREDIT - (1) the ability of an individual to secure money or obtain goods, with the payment due at a later date; (2) in a settlement, a credit is an amount which is due either the buyer or seller; a rebate; this is the opposite of a debit or charge.

CREDITOR - the person to whom a debtor owes a debt or obligation.

CUBIC FOOT - a volume measurement. An area which is one foot wide, one foot long and one foot tall would be an example of one cubic foot.

CUBIC YARD - a volume measurement. An area which is one yard wide, one yard long and one yard tall is an example of one cubic yard. One cubic yard equals 27 cubic feet.

CUL-DE-SAC - a dead-end street with a wide circular area at the end to allow cars to turn around.

CURABLE DEPRECIATION - any depreciation in which the cost to repair or replace would sufficiently enhance the property's value by at least that amount. The opposite of incurable depreciation.

CURTESY - the right or interest that some states give to husbands in their deceased wife's property. **CUSTODIAN** - the person given responsibility for the care of something that has been entrusted to him or her.

CUSTOMER - this usually refers to the prospective buyer, if that buyer is not paying a fee. This is not to be confused with the "client," which is the person that pays, which is usually the listing seller.

D

DATUM - a horizontal plane from which heights and depths are measured. Sometimes mean sea level is used, although larger states usually have their own official datum set.

DBA - abbreviation for "doing business as" which is used to identify a trade name or a fictitious business name.

DEALER - this is an IRS designation for a person who regularly buys and sells real property. "Dealers" must pay ordinary income tax on any gains from the sale and are not allowed to take the advantages of capital gains treatment.

DEBENTURE - a type of note or bond given as the security of a debt, but unlike a mortgage note, a debenture is not secured by a specific property.

DEBIT - (1) something that must be repaid or a duty owed, such as a loan; (2) in real estate settlements, a debit is a charge, an item that must be paid. This is the opposite of a credit.

DEBTOR - the borrower; the person who owes money to someone else.

DEDICATION - the voluntary transfer by the owner of privately owned property to the public for a public use, such as for streets, schools, parks, etc.

DEED - a written document that, when properly drawn, conveys title to (or an interest in) real property.

DEED COVENANTS - the warranties that the seller makes to protect the buyer.

DEED OF TRUST - a document that conveys legal title to a neutral third party as security for a debt. Also called Trust Deed.

DEED RESTRICTIONS - provisions placed in deeds to control the future use of the property and improvements. Deed restrictions often place limitations on the use of the property, such as limiting the density of buildings, requiring any structures that may be built on the property to be of a certain size or style or forbidding livestock on the property. Deed restrictions run with the land, therefore, a change in the ownership does not change it. All new owners must comply, unless the restriction was illegal.

DEFAULT - the failure to perform a duty or obligation, such as failing to carry out the terms in a contract; for example, not making a payment on a mortgage as required.

DEFEASIBLE - something that can be voided.

DEFEASANCE CLAUSE - a clause in leases, mortgages or other documents that "defeat" or cancel that agreement upon the happening of a specified condition. A defeasance clause typically found in mortgages provides that when the borrower repays the debt as agreed, then the words of grant are void and the mortgage is cancelled.

DEFENDANT - the person being sued by the plaintiff in a lawsuit; the person being charged with committing an illegal act; the party from whom recovery or compensation is being sought.

DEFERRED MAINTENANCE - repairs that are needed but have not been done. See **PHYSICAL DEPRECIATION**.

DEFICIENCY JUDGEMENT - a judgment awarded by a court against a mortgagor or trustor when the security for the debt was insufficient to cover the obligation after it was sold to pay the balance of the loan. A deficiency occurs when the foreclosure sale of the property produces less money than is needed to satisfy the debt and pay court costs. In case of a deficiency, a personal judgment is entered against the original mortgagor.

DELIVERY - the legal act of transferring an item, right, or interest, therein, from the owner to another. Documents such as deeds and mortgages must be delivered and accepted before becoming valid. Legally, "delivery" does not refer to the physical act of manually transferring the document from the owner to the new owner, but, rather, it refers to the intention of the grantor and the knowledge of this by the person receiving it. For example, a grantor must fully intend that the deed be operative and effective to transfer the title to the grantee. If the grantor were to hand the grantee the deed before the closing, look it over and check the spelling of his name, obviously the grantor did not, at that time, wish to transfer the title, so the title did not transfer to the grantee yet. Delivery does not need to be physical. For example, if the grantor signed a deed

and called the grantee and told him that he had done so and that he would send it to him, delivery has taken place right then because the grantor intended to grant the property when he signed it and the grantee had knowledge that this had taken place. See ACCEPTANCE.

DEMAND NOTE (OR MORTGAGE) - a note or mortgage that can be called in for payment at anytime, without prior notice, upon the demand of the holder.

DEMISE - (1) to lease property; the transfer of an estate, or interest, in real property, primarily by lease; (2) to bestow by will. DENSITY - refers to the number of building units, occupants, or families, per unit of land (per square foot, per square mile, etc.).

DENSITY ZONING - zoning ordinances that restrict the average maximum number of people or residential units per unit of land (per square foot, square mile, etc.). For example, if a certain area of land were zoned R-8, the maximum density per usable acre of land might be 8 units, or R-2 may mean that the maximum density per city lot might be 2 units.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) - a federal department created to solve the complex housing problems of the American city by utilization of the vast resources of the federal government in coordination with the various state and local governments.

DEPOSIT - (1) the money, or other consideration, placed in trust as evidence of good faith for the future performance of a real estate transaction; (2) money given as a pledge to do something at a later date. Also called earnest money, good faith money, and down payment.

DEPOSITION - a formal testimony, usually in writing, may be used as evidence or for preserving testimony in a legal action.

DEPRECIATION - (1) a decline in a property's value due to any cause; a condition which adversely affects the value of the property. See PHYSICAL DEPRECIATION, FUNCTIONAL OBSOLESCENCE, and ECONOMIC OBSOLESCENCE; (2) for tax purposes, depreciation is considered an expense and can be deducted from the taxpayer's income. Depreciation for tax purposes can occur even when the market value of the property is increasing. Land and non-income producing properties cannot be depreciated for tax purposes.

DEPRECIATION RATE - the annual rate of the decrease in value of property. DESCENT - the process by which property of a decedent passes to his legal heirs.

DETERMINABLE FEE - an estate in which the property will automatically revert to the grantor upon the occurrence of a specified event or condition. Also called Qualified Fee.

DEVELOPER - (1) A person who, for profit, subdivides land into smaller units or homesites. (2) One who attempts to put land to its most profitable use by the construction of improvements.

DEVISE - a granting of real property through a will.

DEVISEE - the recipient of real property through a will.

DEVISOR - the person who gives real property through a will.

DISBURSEMENT - (1) money paid out; expenditures; (2) at a real estate settlement, the necessary monies expended by the buyer or seller in order to complete the transaction.

DISCHARGE OF LIEN - the document that is recorded when a recorded lien has been paid or settled. The document is signed by the lien holder.

DISCLOSURE - an unveiling of facts.

DISCOUNT - (1) that which can be taken off the established amount. For example, mortgages are frequently discounted when paid in advance of maturity; (2) a sum paid to obtain certain preferred mortgages, as the payment of points to a lending institution for FHA or VA mortgages; (3) to sell a note or land contract for less than its face value.

DISCOUNT POINTS - a loan fee charged by a lender in order to increase the yield on a lower than market interest loan. Each discount point will cost 1% of the mortgage amount.

DISCOUNT LOAN - a loan which has been discounted. See DISCOUNT and POINTS.

DISPOSSESS - legal action to remove an occupant from real property.

DOCUMENT - a legal instrument establishing facts or giving instructions; i.e., deeds, contracts, wills, etc.

DOCUMENTARY STAMPS - See TRANSFER TAX.

DOMINANT ESTATE - the land in an easement appurtenant which benefits and has the use of the easement.

DOMINANT TENANT - the owner of the land in an easement appurtenant who has the use of the easement.

DONEE - the person receiving a gift.

DONOR - the person giving a gift.

DOUBLE DECLINING BALANCE - a method of depreciation for tax purposes in which qualifying properties can claim twice the amount of depreciation so that more depreciation can be claimed in the beginning of the ownership.

DOWER - the legal rights that some states give a wife in her husband's property.

DOWN PAYMENT - the amount of money that a purchaser pays at the settlement while the balance of the purchase price is financed. While this amount usually includes the earnest deposit, the terms are not synonymous.

DUAL AGENCY - a situation in which an agent is representing both parties, such as both the buyer and seller. This is legal in some states, such as Michigan, & with prior written consent from both parties.

DUE-ON-SALE - a clause used in mortgages that allows the lender to accelerate the balance owed if the borrower sells the property. This is also called a "non-assumption clause" or an "alienation clause."

DURESS - the use of force to make someone enter into a contract.

E
EARNEST MONEY - a sum of money paid to evidence good faith given to bind an offer or agreement.

EASEMENT - the right or privilege one party has to use land belonging to another for a special purpose. The easement holder does not have title or possession, only a specific limited use, such as the right of ingress and egress (right to enter and exit) in order to go across the property.

EASEMENT APPURTENANT - involving two parcels of land in which an easement was created to benefit one tract by giving that owner an easement over the other tract. Easement appurtenants run with the land.

EASEMENT BY PRESCRIPTION - acquisition of an easement because of prolonged use.

EASEMENT BY NECESSITY - an easement created by law, such as when a grantee is given the right to cross the grantor's land to get to his landlocked land.

DE
EASEMENT IN GROSS - a personal right to use the land of another for a specific purpose. Utility lines and sewer pipes are usually DE easements in gross.

ECONOMIC LIFE - the period of time in which improvements to land can be profitably used. The time in which its income is more than the cost incurred to generate that income.

ECONOMIC OBSOLESCENCE - a loss in value created by factors OUTSIDE the property, such as a deteriorating neighborhood, changes in competing properties, or surrounding zoning.

EGRESS - an exit from a property; the opposite of "Ingress." EMBLEMENTS - crops which require annual planting.

EMINENT DOMAIN - the constitutional right of the governmental agencies, public corporations (such as schools), public utilities, and public service corporations (such as railroads and hospitals) to take privately owned property for a public use or benefit with just compensation to the owner.

ENABLING DECLARATION - the document that converts a certain parcel of land into a condominium regime; also called a master deed.

ENCROACHMENT - the extension of some improvement or other object across the boundary of an adjoining property; for example, a portion of a building or tree limb that protrudes beyond its property line.

ENCUMBER - to burden a parcel of land with a lien or charge, such as a mortgage.

ENCUMBRANCE - any interest in, claim, or liability on the land of another; i.e., zoning, restrictions, easements, claims, mortgages, liens, pending legal action, unpaid taxes, or any form of restrictive covenants.

ENFORCEABLE - an agreement in which the parties can be compelled to perform.

EQUAL CREDIT OPPORTUNITY ACT - a federal act that prohibits discrimination of loan applicants on the basis of age, sex, race and marital status; this act also requires lenders to take the wife's income into consideration.

EQUALIZATION - the raising or lowering of assessed values for tax purposes in a particular county or taxing district to bring them in line with assessments in other counties or districts.

EQUITABLE TITLE - the equitable right to obtain absolute ownership to property when title is held in another's name; the interest held by a vendee under a contract for deed or an installment contract.

EQUITY - (1) the difference between the current market value of a property and all of the encumbrances against it; also called equity interest; (2) in law, equity refers to what is fair and morally right.

EQUITY BUILDUP - the increase of one's equity in a property due to such things as mortgage balance reduction, appreciation, etc.

EQUITY PARTICIPATION LOAN - a loan in which the lender requires a percentage of the income or appreciation gain in addition to the normal interest charged; also called SHARED APPRECIATION MORTGAGE, SAM.

EQUITY OF REDEMPTION - the borrower's right during foreclosure to get the property back by paying the debt owed, the interest due, and court costs.

EROSION - gradual wearing away of land by a natural force, such as wind or water.

ERRORS AND OMISSIONS INSURANCE - an insurance policy that covers liabilities for errors, mistakes, and negligence on the part of a real estate company.

ESCALATION CLAUSE - (1) in leasing, permits the lessor to raise the lease payments upon the occurrence of certain stipulated conditions, such as an increase in taxes or other operating expenses; (2) in financing, permits the lender to raise the interest rate upon the occurrence of certain stipulated conditions; also called an ESCALATOR CLAUSE.

ESCALATOR MORTGAGE - a loan that allows for a change in the interest rate, linked to specific money market rates.

ESCHEAT - the reversion of property to the state or county, as provided by state law, in cases where a person dies intestate (without a will) and without heirs, or when the property is abandoned.

ESCROW - the deposit of funds or documents with a neutral third party who is instructed to carry out the provisions of an agreement.

ESCROW ACCOUNT - (1) a special bank account maintained by brokers, attorneys, etc. who are authorized to hold money in trust for others; also called a trust account; (2) an account set up in which a mortgagor or vendee places 1/12 of the taxes and/or insurance each month to cover these expenses.

ESCROW CLOSING - a situation in which the parties to an agreement deposit with an escrow agent the documents, funds, and instructions for conducting the closing. The escrow agent closes the transaction and disperses the funds.

ESTATE - (1) the interest that a person owns in real property; the degree, quantity, nature and extent of interest that a person has in real property; (2) the property left by a deceased person.

ESTATE AT SUFFERANCE - the retaining of possession, by a lessee, without the consent of the landlord, after their lease has expired; also called Tenancy at Sufferance.

ESTATE AT WILL - a leasehold estate that can be terminated by the lessor or lessee at any time; also called Tenancy at Will.

ESTATE BY THE ENTIRETY (OR ENTIRETIES) - an ownership estate in which both husband and wife jointly own property. The husband and wife are treated as if they were one person. Upon the death of one spouse, the other automatically becomes the sole owner.

ESTATE FOR LIFE - see LIFE ESTATES.

ESTATE FOR YEARS - any lease with a specific ending time or for a specific period of time; for example, a six-month lease, a four-year lease, etc.

ESTATE IN REMAINDER - (1) an estate given by the grantor to a third person in which he has designated to receive property at the expiration of

a life lease; (2) property that at the end of a life lease will automatically, descend to a specified person chosen by the grantor.

ESTATE IN REVERSION - an estate that is designed to revert back to the grantor after the termination of a lesser estate that he or she has granted to another; i.e., owner "A" grants "B" a life estate with the provision that the property will revert back to 'A' upon the death of "B," the life tenant.

ESTATE IN SEVERALTY - an ownership estate held by only one owner; also called Tenants in Severalty.

ESTOPPEL CERTIFICATE - a written payoff balance; also called a certificate of no defense, declaration of no set-off, or waiver of defense.

ET AL (Latin) - means "and others." ET UX (Latin) - meaning "and wife."

EVICTION - the process of a landlord ousting a tenant from possession; any action taken by the landlord which interferes with the tenant's possession or use of the leased premises. Eviction can take two forms: actual or constructive. (a) Actual eviction is physical expulsion from the premises. (b) Constructive eviction occurs when a landlord's acts render the property unfit for use, such as shutting off the water or heat.

EVIDENCE OF TITLE - proof of ownership of property; common examples of such evidence are title insurance policy, an abstract, or a torrens certificate.

EXCLUSIVE LISTING (or Exclusive Agency Listing) - a written contract between a real estate broker and a property owner in which the owner agrees to pay the broker a commission if the broker, or his agents, procure a ready, willing and able buyer to purchase the property on the seller's terms. The seller also promises not to list with any other brokers during the listing term. The owner reserves the right to sell the property himself or herself and not pay a commission.

EXCLUSIVE RIGHT TO SELL LISTING - a contract between a real estate broker and a property owner in which the owner agrees to pay the broker a commission if the property is sold, by the broker, during the term of the listing.

EXECUTE - to sign; the act of making a document legally valid, such as signing.

EXECUTED CONTRACT - a contract in which the obligations have been performed on both sides of the contract; completed. EXECUTOR - the man who is designated in a will to handle the estate of a person who died testate (with a will). EXECUTORY - In the process of being completed.

EXPRESS CONTRACT - an agreement formed through the oral or written words of the parties, where all terms are openly mentioned and explicitly agreed to.

FAIR CREDIT REPORTING ACT - federal law that protects the public by giving each individual the right to inspect his or her file at the credit bureau.

FAIR MARKET VALUE - the price which a property would sell for if it were offered for sale for a reasonable period of time in a competitive market, where both the buyer and seller were free to act and under no undue pressure.

FANNIE MAE - see FEDERAL NATIONAL MORTGAGE ASSOCIATION

FDIC - see FEDERAL DEPOSIT INSURANCE CORPORATION

FEDERAL CONSUMER PROTECTION ACT - see TRUTH-IN-LENDING ACT

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC) - a federal agency established to insure the deposits in commercial banks and savings banks that are members.

FEDERAL FAIR HOUSING ACT (1968) - prohibits discrimination in the sale or rental of housing on the basis of race, color, religion, national origin, sex, handicap, or familial status.

FEDERAL HOME LOAN MORTGAGE CORPORATION (FHLMC) - known as "Freddie Mac"; a federal agency created to buy mortgages in the secondary mortgage market.

FEDERAL HOUSING ADMINISTRATION (FHA) - a federal agency which encourages lenders to loan on homes by providing insurance to safeguard the lenders against the risks. The borrowers pay an insurance premium to pay for this program.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA) - known as "Fannie Mae"; a quasi private corporation that buys mortgages in the secondary mortgage market. This returns the original lenders' money so that the original lenders may make additional mortgage loans. FNMA is

very active in purchasing FHA and VA mortgage.

FEDERAL RESERVE SYSTEM (FRS) - a federal agency which oversees and regulates monetary policy that affects the availability of credit and interest rates.

FEDERAL SAVINGS AND LOAN ASSOCIATION - a savings and loan institution that is federally chartered and privately owned by shareholders or depositors and are members of the FSLIC.

FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION (FSLIC) - federal agency which insures savers' accounts at member savings and loan associations.

FEE - an estate of inheritance in real property.

FEE SIMPLE TITLE - the largest, most complete bundle of rights one can hold in land; the highest form of ownership recognized by law; it is of indefinite duration and is freely transferable and inheritable.

FEE SIMPLE CONDITIONAL - a fee estate which has been created to exist only until the occurrence or nonoccurrence of a particular event.

FEE SIMPLE DETERMINABLE - see FEE SIMPLE CONDITIONAL

FEE TAIL TITLE - an estate designed to restrict the conveyance of title to the descendants of the grantee. Michigan does not recognize fee tail.

FEUDAL SYSTEM - a system which prevailed in the past throughout Europe, under which the actual ownership of the land was vested in the monarch and sovereign power and the subjects were given only the privilege of using the land. This system is the opposite of private or allodial ownership.

FHA - see FEDERAL HOUSING ADMINISTRATION.

FHA INSURANCE - insurance protecting the lender from loss due to default. The insurance premium is paid by the borrower. FHLMC - see FEDERAL HOME LOAN MORTGAGE CORPORATION.

FIDUCIARY - (1) the trust relationship that an agent has toward his principal, in which the agent owes him loyalty, obedience, full disclosure, and to account for all monies; (2) the person who is in a position of trust, responsibility, and confidence for another. A broker is called a fiduciary and has a fiduciary relationship toward his client.

FINDER'S FEE - a fee paid to someone for finding and producing either a buyer, seller, property, borrower, or lender. It is illegal to pay this fee to an unlicensed person.

FIRST MORTGAGE - a mortgage that takes priority over any other mortgages. This is usually the mortgage that was recorded first, but could be a subsequent mortgage if the earlier mortgage had a subordination clause.

FIXTURE - an article which was once personal property, but is now so affixed to real estate that it has become real property and transfers automatically with the land.

FLEXIBLE PAYMENT MORTGAGE - a mortgage in which the payments are based on the borrower's financial position, thereby allowing young professionals whose income is limited now but expected to increase to purchase a home now with small monthly payments which will increase when income grows.

FLOOD PLAIN - the flat areas of land located along watercourses and streams which are subject to overflow and flooding. Building on these areas is often restricted by government regulations.

FNMA - see FEDERAL NATIONAL MORTGAGE ASSOCIATION.

FORECLOSURE - the legal process, after the mortgagor defaults, by which a mortgagee forces the sale of the mortgaged property to pay the unpaid debt.

FORFEITURE - the loss of property for a specified reason.

FRAUD - deception or trickery used to gain an unfair advantage over another.

FREDDIE MAC - see FEDERAL HOME LOAN MORTGAGE CORPORATION.

FREEHOLD ESTATE - an ownership estate in land of unpredictable duration and can be transferred without anyone's permission.

FSLIC - see FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION.

FUNCTIONAL OBSOLESCENCE - a loss in value to an improvement because it is old-fashioned, out-of-date, poorly designed, inadequate, or overly adequate; i.e., a too-narrow stairway, a garage too small to accommodate today's cars, no windows or too many windows. This is a form of depreciation.

FUNDING FEE - a loan fee to veterans in VA mortgages.

G

GENERAL AGENT - a person authorized to transact all of the principal's affairs within the range of a certain area, such as a property manager.

GENERAL CONTRACTOR - a person who enters into a contract with the landowner to construct a building project. The general contractor often contracts with several "subcontractors" that specialize to do the different aspects of the building project, such as electrical wiring, plumbing, and painting.

GENERAL LIEN - unlike a specific lien against certain property, a general lien is a lien against the individual debtor and attaches all his or her property and gives the lender the right to have all the debtor's property sold to pay the debt; i.e. government tax liens for nonpayment of income taxes.

GENERAL PARTNERSHIP - a form of co-ownership for business purposes in which all the partners share in management and have unlimited liability for debts.

GENERAL PARTNER - a co-owner in a partnership who is empowered to enter into contracts on behalf of the partnership and is fully liable for the partnership debts. In a limited partnership, the general partner manages the partnership and is accountable to the limited partners as a fiduciary.

GENERAL WARRANTY DEED - a deed that contains covenants in which the grantor formally guarantees that he or she is conveying good and marketable title.

GIFT DEED - a deed used to convey property in a situation where no monetary consideration is given. GINNIE MAE - see GOVERNMENT NATIONAL MORTGAGE ASSOCIATION.

GOOD WILL - the intangible, salable asset of a business consisting of its name, reputation, and patronage.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA) - a federal agency that is a division of Housing and Urban Development (HUD). "Ginnie Mae," as it is called, buys mortgages in the secondary market, particularly FHA mortgages.

GOVERNMENT SURVEY - see RECTANGULAR SURVEY SYSTEM.

GRADUATED LEASE - a lease that contains provisions for periodic step-by-step increases in the rental payments.

GRADUATED PAYMENT MORTGAGE (GPM) - a mortgage in which the monthly payments start low and then increase, usually as the borrower's income increases. This type of loan is often given to a young professional whose income is rather low now, but is expected to increase.

GRANDFATHER CLAUSE - an exemption from application of a new law due to previously existing circumstance; i.e., the exemption in zoning laws which allows properties that had the nonconforming use before the zoning.

GRANT - the act of conveying ownership.

GRANTEE - a person who receives a conveyance of real property from the grantor.

GRANTING CLAUSE - the words of conveyance in a deed that state the grantor's intention to convey the property, generally worded, "conveys and warrants," "grant," or "grant, bargain and sell"; also called the "Premise."

GRANTOR - the person transferring title to (or an interest in) real property to a grantee. GRI - Graduate REALTORS Institute.

GRM - see GROSS RENT MULTIPLIER.

GROSS INCOME - (1) the actual total income received from a business or property before deducting any expenses; (2) the total income that a

person earns before deducting expenses.

GROSS LEASE - a lease of property in which the landlord pays all of the property's expenses regularly incurred through ownership, such as taxes, fire insurance, and operating expenses, etc. This is the opposite of a "Net" lease in which the tenant pays some or all of the expenses.

GROSS PROFIT - profits accrued before the deduction of expenses and taxes.

GROSS RENT MULTIPLIER (GRM) - a number that, when multiplied by a property's gross rents, will produce an estimate of the property's value.

GROUND LEASE - a lease of land, usually for a long term, in which the tenant often agrees, in the lease, to build his or her own building.

GUARANTEED MORTGAGE - a mortgage in which the federal government guarantees to reimburse the lender if the borrower defaults.

GUARDIAN - a person, usually appointed by the court, to administer the affairs of an individual who is not capable of handling his or her own affairs; i.e., a minor or an insane person.

GUARDIAN DEED - a deed signed by a guardian. See GUARDIAN.

H

HABENDUM CLAUSE - the "to have and to hold" clause in a deed that follows the granting clause and defines or limits the extent of ownership that is being conveyed, such as a life estate, an easement, or a fee simple estate.

HEARING - an administrative legal proceeding, similar to a trial, held to determine fact. The parties have the right to be heard and have counsel.

HEIR - a person who has or will inherit property; a person appointed in a will or by law (if there was no will) to receive the property of a decedent.

HEIRS AND ASSIGNS - wording found in deeds, contracts, and other documents when transferring interests. The heirs are recipients of an inheritance and assigns are parties who may subsequently be designated by the assignor. A conveyance to "John Smith, his heirs and assigns" means that the property is conveyed to John and John may convey it to someone else (his assigns) or, if he died, it would go to his heirs.

HEREDITAMENT - every kind of property that can be inherited; anything that is capable of being inherited, whether it be real or personal property.

HETEROGENEITY, HETEROGENEOUS - diverse or unique; nonhomogeneous.

HIGHEST AND BEST USE - the utilization of real property to its greatest economic advantage, the use that will provide the highest land value; the use which when capitalized will generate the greatest net present value for the land.

HOLDOVER TENANT - a tenant remaining in possession after his lease has expired.

HOLOGRAPHIC WILL - a will hand-written by the testator.

HOMESTEAD EXEMPTION - state laws that protect against the forced sale of a person's home for non-payment of debts. HOMOGENEITY - see HOMOGENEOUS.

HOMOGENEOUS - alike, of the same or similar kind; the opposite of heterogeneous.

HORIZONTAL PROPERTY ACT - the name, in some states, that authorizes the creation of the condominium type of ownership.

HOUSING AND URBAN DEVELOPMENT (HUD) - a federal department created to solve the housing problems in the cities by utilization of the federal government's resources in coordination with the various state and local governments.

HUD - see HOUSING AND URBAN DEVELOPMENT.

HYPOTHECATE - to pledge something, as security of a debt, without giving up possession of it.

I

IMPROVEMENTS - that which is constructed upon land or its structures that enhance the value of the property; i.e., buildings, fences, sidewalks.

INCHOATE - incomplete; unfinished; yet to be perfected.

INCOME APPROACH - an appraisal technique in which the value of income producing property is estimated by 1/Free amount of net income the property will produce over its remaining useful life. The net Income Is divided by an appropriate capitalization rate (a rate that would be expected from that type of property). The formula is: Value = Net Income divided by the Rate.

INCORPoreal PROPERTY - intangible property which is not visible but exists as a legal right; i.e., an easement.

INCURABLE DEPRECIATION - a deterioration of an item that would make it impossible or too expensive to fix or replace; defects that are not economically feasible to correct.

INDEFEASIBLE - something that cannot be voided; the opposite of defeasable.

INDEPENDENT CONTRACTOR - a self-employed person who contracts to do work and is not subject to the control and direction of another except as to the final results; this is in opposition to an employer/employee relationship.

INDEX LEASE - a lease in which the rent is tied to some commonly accepted price Index such as the Consumer Price Index or the Wholesale Price Index.

INGRESS - entering; a means of entering.

INHERITANCE - property that is acquired by descent; an estate that passes to the heirs upon the death of the owner.

IN LIEU OF - in place of.

INSOLVENT - a person that has more liabilities than assets.

INSTALLMENT SALE - the sale of real estate on an extended payment plan that requires regular payments of a certain sum be paid on specified dates; sometimes called a land contract.

INSTRUMENT - a written legal document, such as a contract, will, or deed.

INSURED MORTGAGE - a mortgage in which the borrower pays a third party, such as FHA or PMT, an insurance premium so that they will assure the lender that they will make payment in the event of a default by the borrower.

INTEREST - (1) a sum of money paid for the use of money; (2) the degree of rights in property. **INTEREST RATE** - the percentage of money charged for its use.

INTERIM LOAN - a temporary or short-term loan often made for the construction of a building project. This type of loan is often given in stages as the construction progresses.

INTERSTATE LAND SALES ACT - a federal law which regulates Interstate land sales. The act requires full disclosure of information concerning the property to prospective buyers. Some states also have state laws concerning this act.

INTESTATE - dying without a will.

INTESTATE SUCCESSION - the government dictated property division of property of a person who dies without a will; it designates to whom the property descends.

INVERSE CONDEMNATION - legal action by a property owner who demands that his property be purchased by a public agency because he or she feels that they have somehow damaged his property. For example, a property owner next to the airport may force the airport to buy his or her land because of the noise or low-flying aircraft.

IRREVOCABLE CONSENT - a "consent to service" agreement filed by a non-resident who is applying for a real estate license in Michigan. This form sets the procedure for serving notice on the non-resident in case of a lawsuit or other action.

J

JOINTLY AND SEVERALLY LIABLE - a duty assumed when two or more people sign to be responsible for the repayment of a debt ~ obligation. The lender can collect from all of the signers (jointly) or from each one of them individually (severally).

JOINT TENANCY - a form of ownership which occurs when two or more persons own a single property with the full right of survivorship. If one of the owners dies, his or her share is divided among the other surviving owners.

JOURNAL - one of the books in the two-book system required in Michigan in which the broker must record all of the transactions involving his trust account in chronological order.

JUNIOR MORTGAGE - a mortgage which has a lower priority than the first mortgage; also called a second mortgage.

JUST COMPENSATION - fair and reasonable payment; the payment made to an owner whose land is taken through condemnation under eminent domain.

K

KICKBACKS - the secret payment to someone in return for a favorable decision, information, or assistance. This is usually considered unethical.

L

LAND CONTRACT - a written agreement in which real estate is sold to a buyer who usually pays part of the purchase price when the contract is signed and then makes regular payments over a specified period of time. The title to the property remains with the seller until the total purchase price is paid; also called an installment contract.

LAND RESIDUAL TECHNIQUE - an appraising technique in which the buildings and the land are examined separately to find their value.

LANDLORD - the owner or lessor of property.

LAND PATENT - the grant of land which conveys it from the government to an individual.

LATENT DEFECTS - hidden structural defects not easily seen. The owner or his agent must disclose any defects they are aware of to prospective buyers.

LEASE - an agreement in which the landlord gives a tenant the right of possession in exchange for rent.

LEASED FEE - the landlord's interest in leased property during the lease. **LEASEHOLD ESTATE** - the interest that the tenant has in the leased property.

LEDGER - one of the records in the two-book system in Michigan, required by brokers, that contains separate information about each transaction.

LEGAL DESCRIPTION - a precise description of a piece of real property.

LESSEE - the tenant.

LESSOR - the landlord.

LEVERAGE - using borrowed money to finance an investment so that you will be making money on borrowed money.

LEVY - to assess property and set the rate of taxation.

LIBER (Latin) - book.

LICENSE - (1) permission from a legal authority (such as the state real estate commission) to engage in a certain profession (such as real estate); (2) a personal privilege to go upon the land of another for a specific purpose.

LIEN - a hold or claim which one person has on the property of another to secure payment of a debt or other obligation; i.e., a mortgage.

LIEN THEORY STATES - states which give the lender a lien on the mortgaged property but not title as is done in title theory states.

LIFE ESTATE - an interest in real property which is given to a person only for the duration of someone's life.

LIFE TENANT - the person who has a life estate in property (the right to live on the property for the rest of his or her life).

I

LIMITED WARRANTY DEED - a deed that only warrants against defects that have occurred since the grantor acquired title, also called a "special warranty deed."

LIQUIDITY - the ease with which an asset can be converted into cash.

L18 PENDENS - a notice that a lawsuit is pending.

LISTING CONTRACT - an agreement between a property owner and broker in which the broker is employed as an agent for the seller.

LITTORAL RIGHTS - the rights that a land owner has to the use and enjoyment of a lake or sea that borders his land.

LOAN COMMITMENT - (1) an agreement from a lender to loan a certain amount of money to a particular qualified borrower; (2) an FHA valuation.

LOAN CORRESPONDENT - a person who negotiates loans for lenders and borrowers, also called a "mortgage broker."

LOAN ORIGINATION FEE - the finance fee charged by the lender for creating the mortgage.

LOAN/VALUE RATIO - the relationship between the amount borrowed and the appraised value of the property; i.e., If the lender agrees to finance 80% of the value, the loan-to-value is 80%.

LOT-AND-BLOCK TRACT - the method of describing lots in a subdivision by reference to their lot number (or letter) and their block number (or letter); i.e., Lot 6, Block B, Green Apple Subdivision...

LOVE AND AFFECTION - a type of consideration.

M

MARKET DATA APPROACH - one of the three main methods of appraising real property. The value of the property is determined by comparing the prices paid for similar properties. Also called Market Comparison Approach.

MARKET COMPARISON - see MARKET DATA APPROACH.

MARKET PRICE - the actual amount that was paid for property.

MARKET VALUE - the highest price that a ready, willing, and able buyer would pay and the lowest price that a ready, willing, and able seller would accept

MARKETABLE TITLE - title that is free from significant defects and which a purchaser would accept without any objections.

MASTER DEED - see ENABLING DECLARATION.

MATURITY DATE - the date when a note or negotiable instrument is due and payable; the end of the life of a loan.

MECHANIC'S LIEN - a lien placed on property by an unpaid workman or material supplier for improvements to the property.

MERIDIAN LINES - Imaginary lines, in the rectangular survey system of land descriptions, that run north and south and intersect base lines to form reference points to measure or locate property.

METES AND BOUNDS - a method of land description that identifies a parcel by describing the distance and directions of all the boundaries; i.e., starting at the north corner of the intersection of Bunker Hill Rd and Acme Rd, which is the point of beginning, thence 100 feet north, thence 60 feet west, thence 100 feet south, thence 60 feet east to the point of beginning.

MILE - 5,280 linear feet.

MILL - one-tenth of one cent; .001; a rate used in taxation. MINERAL RIGHTS - owning a property's minerals and being able to take them.

MINIMUM RENT CLAUSE - a clause in a percentage lease that sets a certain "minimum" amount of rent to be paid regardless of the property's gross.

MISREPRESENTATION - giving false or misleading information or concealing a material fact.

MONTH-TO-MONTH TENANCY - a lease for a specific period of time, usually one month, which automatically renews itself for the same period of time unless something is said to the contrary by the lessor or lessee; also called a MONTH-TO-MONTH ESTATE or PERIODIC ESTATE.

MONUMENT - a fixed natural or man-made object used to establish real estate boundaries. MORAL TURPITUDE - conduct not socially accepted and/or criminal in nature. MORTGAGE - the pledge of property as security of a debt.

MORTGAGE BANKER - a person or firm that makes mortgage loans, usually with their own capital, then sells them to permanent investors.

MORTGAGE BROKER - a middleman, paid a fee to bring lenders and borrowers together.

MORTGAGE GUARANTY INSURANCE CORPORATION (MGIC) - a privately owned company that charges borrowers a fee. MGIC then assures the lender that they will make restitution if the borrower defaults. The lender usually requires a lower down payment on the property.

MORTGAGEE - the lender (creditor) that lends money and is given a mortgage on property as security.

MORTGAGEE'S POLICY - an insurance policy that insures the lender against loss in case of a bad title. The policy is usually paid by the borrower.

MORTGAGOR - a borrower that gives a lender a mortgage on his property as security for debt.

MULTIPLE LISTING SERVICE - an organization of real estate brokers for the purpose of exchanging information on each other's listings so that they all have an opportunity to sell the listing and, thereby, share the commission with the listing broker.

MUTUAL AGREEMENT - a meeting of the minds; a mutual assent.

N

NATIONAL ASSOCIATION OF REALTORS – NAR a professional trade organization.

NEGOTIABLE INSTRUMENTS - documents that are legally capable of being transferred from one person to another; i.e., stocks, bonds, checks.

NET INCOME - gross income less operating expenses.

NET LEASE - a lease in which the tenant pays the ownership type expenses, such as taxes, insurance, etc.

NET LISTING - a listing agreement in which the broker agrees to offer the property for sale and promises to get a certain "net" price for the seller, and anything above that amount is the broker's commission. For example, a person gave a broker a listing which stated that he or she wanted to net \$100,000, anything the broker could get above that amount, the broker could keep as his commission. Net listings are illegal in Michigan and many other states.

NONCONFORMING USE - a use that does not conform to the present zoning laws but is allowed to continue because the use started before the new zoning.

NON-FREEHOLD ESTATES - non-ownership interests in real property.

NOTE - a written promise to repay a debt, signed by the borrower, acknowledging the existence of the debt.

NOTICE - giving information to the public; see ACTUAL and CONSTRUCTIVE NOTICE.

NOTICE TO QUIT - a written notice given by the landlord to his or her tenant requiring that the tenant leave the leased premises.

NOVATION - substitution of a new contract or party for an old one by mutual agreement; i.e., a new mortgage written to take the place of an old one.

NULL AND VOID - invalid and unenforceable.

O

OBLIGEE - the person entitled to the performance of a duty, such as the lender.

OBLIGOR - the person who owes a duty such as the borrower.

OFFER AND ACCEPTANCE - the necessary elements of mutual assent; for example, one party agrees to buy and the other agrees to sell.

OFFER TO PURCHASE - see SALES AGREEMENT.

OFFEREE - a person who receives an offer.

OFFEROR - a person who makes an offer.

OPEN-END MORTGAGE - a mortgage that contains a clause which allows the borrower to borrow additional money without rewriting the mortgage, usually back up to the original amount borrowed.

OPEN LISTING - one in which the broker is paid a commission if he finds a ready, willing, and able buyer before the seller or any other brokers do.

OPEN MORTGAGE - a mortgage that can be repaid earlier than its maturity date.

OPINION OF TITLE - an attorney's opinion as to whether the title is clear and marketable or defective.

OPTION - the right to purchase property at a stipulated price and terms with a certain period of time.

OPTIONEE - a person who has an option to purchase someone's property.

OPTIONOR - a person who gives an option to someone.

ORIGINATION FEE - finance fee charged by a lender for arranging a mortgage loan.

OVER IMPROVEMENT - an improvement which costs more than the extra value that it has added to the property.

OWNERS' ASSOCIATION - an association, made up of the owners in a condominium, or PUD, that meets to establish rules and to regulate and maintain the upkeep of the common elements.

P

PACKAGE MORTGAGE - a mortgage that is secured by a combination of both real and personal property; i.e., a house and furniture.

PANIC SELLING - the illegal practice of making a profit by inducing fear among property owners that an undesirable element (based on illegal discrimination) is moving into the area and will lower property values before they wait to sell.

PAROL - oral; unwritten.

PAROL EVIDENCE RULE - a rule that even though a written contract usually supersedes any conflicting oral agreements that had been made, sometimes statements made orally will be allowed to augment a contract.

PARTIAL RELEASE CLAUSE - a clause in a mortgage which will release a portion of the secured property from the mortgage. A blanket mortgage, for example, that covers two properties may contain a partial release clause that would release one of the properties from the mortgage after one-half of the debt was paid.

PARTICIPATION MORTGAGE - a mortgage agreement between a borrower and a lender which requires the borrower to give the lender, in addition to interest, a percentage of ownership in the property.

PARTITION - the legal dividing of jointly owned property among its owners.

PATENT - a grant of land from the government.

PER ANNUM - per year; each year.

PER DIEM - per day; each day.

PERCENTAGE LEASE - a lease in which the amount of rent is based on a percentage of the gross sales made on the leased property.
PERIODIC ESTATE or PERIODIC TENANCY - see MONTH-TO-MONTH TENANCY.

PERSONAL PROPERTY - movable objects; everything that is not real property; also called chattel or PERSONALTY.

PERSONAL REPRESENTATIVE - a person designated to represent another party, such as an administrator or executor.

PHYSICAL DETERIORATION - a loss in value due to wear and tear.

PITT - stands for principal, interest, taxes, and insurance; refers to the payments made in a budget mortgage which includes those four items.

PLANNED UNIT DEVELOPMENT (PUD) - a planning design which utilizes the land better by placing individually owned units very close in one area, which allows large common areas for use by all.

PLAT BOOK - a book of maps showing the location and boundary lines of Individual properties.

PMI - see PRIVATE MORTGAGE INSURANCE.

POCKET CARD - a card that identifies licensees and must be carried when conducting real estate business.

POINT OF BEGINNING - the starting point in a metes and bounds legal description.

POINTS - see DISCOUNT POINTS.

POLICE POWER - the right of a state to enact laws and enforce them for the order, safety, health, and general welfare of the public. POWER OF ATTORNEY - authorization a person gives to another to act for him.

POWER OF SALE - a clause in a mortgage which allows the lender to sell the property in the case of the borrower's default. PREMISE - the beginning part of a deed which states the names of the parties, the agreements and consideration, etc.

PREPAYMENT PENALTY - a fee charged by a lender for allowing a borrower to repay his loan before it is due. This compensates the lender for lost interest. This is sometimes called a PREPAYMENT PRIVILEGE.

PRESCRIPTIVE EASEMENT- acquiring an easement by continuous use over a statutory period of time.

PRIMARY MORTGAGE MARKET - where loans are made from the lender to the borrower.

PRINCIPAL - a person who employs an agent to act in his behalf.

PRINCIPAL BALANCE - the balance owed on a loan.

PRIVATE MORTGAGE INSURANCE - an insurance program that charges borrowers a fee for the private mortgage insurance company to assure the lender that they will make restitution if the borrower defaults. The lender usually can then require a lower down payment on the property.

PROBATE COURT - a court that handles minors, incompetents, and property distribution when the owner dies.

PROCURING CAUSE - the agent's efforts that bring about the desired results such as when an agent is required to find a ready, willing and able buyer.

PROFIT A PRENDRE - the right to remove such things as trees, soil, and minerals from the land of another.

PROMISSORY NOTE - a written promise to repay a debt.

PROPERTY MANAGER - a person employed by a property owner to collect rents, negotiate leases, maintain the property, etc.

PROPRIETARY LEASE - a lease that has attributes of ownership in which the tenant is treated like an owner, commonly used in a cooperative.

PRORATE, or PRORATION - dividing an expense, such as property taxes or insurance, between two people, such as the buyer and seller.

PROSPECTIVE TAXES - taxes that have been paid in advance. If prorated at the settlement, they will be a debit to the buyer and a credit to the seller.

PUBLIC RECORDER'S OFFICE - a government operated facility where documents are recorded to give notice to the public.

PUBLIC SALE - a public auction to sell property that is in default of mortgage payments, taxes, etc.

PUD - see PLANNED UNIT DEVELOPMENT.

PUFFING - exaggerating; i.e., "This is the prettiest lot in the whole town."

PUR AUTRE VIE - for another's lifetime; a term sometimes used in life estate if the life tenant is allowed to possess the property for the duration of someone else's life.

PURCHASE AND LEASE BACK - see SALE AND LEASE BACK.

PURCHASE MONEY MORTGAGE - a mortgage given by the buyer to the seller to cover all or part of the sales price. **PURSUANT TO** - In conjunction with; as a part of; In accordance with.

Q

QUALIFIED FEE ESTATE - an estate that is subject to certain limitations Imposed by a previous owner; also called a defensible fee.

QUANTUM MERUIT (Latin) - on a basis equal to the amount of service rendered.

QUASI (Latin) - as if; or similar to.

QUIET ENJOYMENT - the right of possession and undisturbed use of property.

QUIET TITLE SUIT - a court action to clear clouds on a title and determine the true owner.

QUITCLAIM DEED - a deed used to convey to the grantee whatever title the grantor had in the property. This type of deed contains no covenants or warranties nor any implication that the grantor is the actual owner.

R

RATE OF RETURN - the rate at which an investment is being returned through income produced by that investment. For example, an Investment of \$100,000 that has a net income of \$10,000 returns 10%/year; therefore, the rate of return is 10%.

READY, WILLING, AND ABLE - ready and qualified to enter into an agreement.

REAL ESTATE - land and everything that is so permanently attached that it transfers with the land to the land.

REAL ESTATE INVESTMENT TRUST (REIT) - an organization of a group of investors to invest in real estate and is given tax advantages over corporations.

REAL ESTATE SETTLEMENT PROCEDURES ACT – RESPA - federal law that requires certain procedures be followed in certain settlements so that buyers and sellers are informed about the settlement costs.

REAL PROPERTY - land and its improvements and the rights therein.

REALTOR - a person who belongs to the Board of REALTORS, a professional trade organization of real estate agents.

REAPPRAISAL LEASE - a lease that requires the property to be revalued at certain intervals. The rent will be increased if the value of the property increases.

RECAPTURE CLAUSE - a clause in a percentage lease that allows for the lessor to have the property back if the tenant's gross drops below a set amount.

RECEIVER - a person appointed by the court to handle the affairs of a person that is in bankruptcy.

RECONCILIATION - the final step in the appraisal process in which the appraiser looks at the different approaches used and arrives at the final indication of value.

RECORDED PLAT - a map of subdivided land that is recorded in the public records.

RECORDING - the process of entering a legal document, such as a deed, into the public record; thereby giving constructive notice.

RECTANGULAR SURVEY SYSTEM - the government system of using imaginary intersecting lines to describe and locate land; also called the Governmental Survey and the U.S. Public Lands Survey.

REDEMPTION, EQUITABLE RIGHT OF - the right of the mortgagor (borrower) to a redemption period after default so that he or she has time to come up with the money needed to pay the mortgage and keep his or her property.

REDEMPTION PERIOD - the period of time after a borrower defaults on a mortgage that he has to redeem the property by paying the total owed and court costs.

REDLINING - the illegal practice by lenders of refusing to lend money on any property in specific areas of a city.

REFORMATION - action to correct an error in a previous deed or other document.

REGISTRAR OF DEEDS - the governmental officer in charge of the records office.

REGULATION Z - a federal law requiring lenders to disclose information about actual borrowing expenses to all prospective borrowers so that they can compare terms of different lenders.

REIT - see REAL ESTATE INVESTMENT TRUST.

REMAINDERMAN - the person who holds title to the property and will receive possession at the end of a life estate.

RENEGOTIABLE RATE MORTGAGE (RRM) - a mortgage loan in which the interest rate may increase or decrease within certain limits at specified intervals.

REPLACEMENT COST - the cost of replacing a building with a similar structure, having the same usefulness, using today's building methods and prices.

REPRODUCTION COST - the cost of replacing a building with an exact replica, using today's building methods and prices.

RESCIND (RESCISSION) - the legal method of canceling or terminating a contract

RESPA - see REAL ESTATE SETTLEMENT PROCEDURES ACT.

RESTRICTIVE COVENANTS - a clause in a deed which places limitations or restrictions on the property's use. For example, "this property can never be used to sell liquor" or "to raise farm animals." These limitations "run with the land" and are, therefore, binding on subsequent owners.

RETROSPECTIVE TAXES - taxes that are not paid until the end of the period; paid in arrears. If these taxes are prorated at the closing, they are a debit to the seller and a credit to the buyer.

RETURN OF INVESTMENT - the rate at which an investment will be returned. RETURN ON INVESTMENT - the rate at which money is being made on an investment. REVENUE STAMPS - see TRANSFER TAX

REVERSE MORTGAGE - a mortgage agreement in which the lender gives the borrower monthly payments until a certain sum is reached, at which time the borrower pays all the money back. This mortgage is often arranged for older people so that they can keep their house, have a monthly income, and when they die the mortgage is paid by their insurance or out of their estate. Also called Reverse Annuity Mortgage.

REVERSION - the landlord's interest in a lease; a right to a future possession, retained by the owner, such as when he leases his property to someone.

REVOCATION - a withdrawal; termination; cancellation.

RIGHT OF FIRST REFUSAL - the right to have the first opportunity to either purchase or lease property. One of the differences between this and an option is that a person holding a right of first refusal does not have an automatic right to purchase until the owner actually offers the property for sale to the general public or considers an offer to purchase from a bona fide purchaser. At this point the right-of-first-refusal holder can purchase the property by matching the offer. In condominiums, the owners' association often retains the right of first refusal over the sale of any units, thereby allowing them to keep out undesirable buyers by matching their offers.

RIGHT OF SURVIVORSHIP - upon the death of one of the owners, his interest passes on to the surviving owners; a characteristic of joint tenancy and tenants by entireties.

RIPARIAN RIGHT - the rights of owners of property that borders a watercourse, river or stream to the reasonable use of that water. ROD - 16 1/2 feet.

RUNNING WITH THE LAND - something, such as a covenant or easement, that passes with the title, therefore, each grantee receives these rights or liabilities when the property is conveyed.

RURAL DEVELOPMENT - (Formerly FmHA) - a federal agency, under the U.S. Department of Agriculture, originally created to provide emergency financing for farms. RD also loans on single-family homes located on one acre or less in areas having a population of less than 10,000. RD makes direct loans and also guaranteed loans that are made and serviced by private lenders.

S

SALE AND LEASEBACK - a transaction to raise money for the owner in which he or she sells his or her property to an investor and then leases it back so that he or she retains possession and his or her money is not fled up in the property.

SALES AGREEMENT - see SALES CONTRACT.

SALES CONTRACT - an agreement between buyer and seller agreeing on the price and terms of the sale. The buyer agrees to buy and the seller agrees to sell.

SALESPERSON - a person licensed to list, negotiate, sell, appraise or lease real property while employed and supervised by a broker. **SALVAGE VALUE** - the expected worth of a piece of property at the end of its economic life.

SANDWICH LEASE - a leasehold interest lying, for example, between the owner of the property and the actual possessor. For example, A, the owner, leases to B and B then subleases to C. B is said to hold a sandwich lease.

SATISFACTION - the paying of a mortgage or other lien; discharging a lien.

SEASONED MORTGAGE - a mortgage in which regular payments have been on time showing a stable record of payments over a period of time.

SECOND MORTGAGE - a mortgage on property that already has a first mortgage loan. The first mortgage usually takes priority over a second mortgage. Also called a junior mortgage.

SECONDARY MORTGAGE MARKET - the purchase and sale of existing mortgages; the primary market is the borrower giving the lender a mortgage. The secondary market is the lender selling the mortgage to a permanent investor.

SECTION - refers to a one mile square area used in the rectangular survey system. A section contains 640 acres.

SECTIONAL MORTGAGE - see CONSTRUCTION LOAN.

SEISIN - see COVENANT OF SEISIN.

SELLER'S MARKET - an economic condition that occurs when there are more buyers available than properties, therefore sellers can demand higher prices.

SERVIENT ESTATE - property on which an easement exists. The owner of this property must allow the easement holder the right to use the easement.

SERVIENT TENANT - the owner of the servient estate.

SETBACK - a zoning ordinance which requires all structures to be at least a certain set distance from the property lines.

SETTLEMENT - closing; the closing of a real estate transaction. The broker lists the buyer's and seller's credits and charges and handles the exchange of money and documents to complete the transaction.

SEVERALTY, ESTATE IN - ownership by one person alone. Upon his or her death, the property descends to his or her heirs or devisees.

SHARED APPRECIATION MORTGAGE (SAM) - a mortgage loan in which the lender, in exchange for a loan with favorable interest rate, participates in the profits, if any, that the borrower makes when he or she eventually sells the property.

SHERIFFS DEED - a deed given when property is ordered sold by a court in order to satisfy a judgment or mortgage foreclosure.

SHERIFF'S SALE - a public sale of property conducted by a sheriff as ordered by a court to satisfy a judgment.

SPECIAL ASSESSMENT - a charge on real estate levied by a public authority to help fund the cost of public improvements, such as sidewalks, streets, etc.

SPECIAL WARRANTY DEED - a deed containing only one warranty, that the title is clear of defects arising during the time that he or she has owned the property, but not against defects existing before that time.

SPECIFIC PERFORMANCE - a legal action brought in special cases to compel a party to carry out the terms of the contract. The basis for this action is when the contract concerns something unique, such as land.

SQUARE YARD - an area 3 feet wide and 3 feet long, containing 9 square feet.

STRAW MAN - a "front"; a person who is put up in name only to take part in a transaction.

STATUS QUO - means "as before," for example, if a contract is voided, the parties are to be returned to the status quo, meaning a return to their positions before the contract.

STATUTE OF FRAUDS - a law that requires certain contracts be in writing in order to be enforceable. One exception is an oral lease for a year or less.

STATUTORY ESTATES - estates that are created by law; i.e., dower or curtesy.

STATUTORY REDEMPTION - the right that a buyer has after a foreclosure sale to repay his defaulted loan and redeem his property. STEERING - the illegal practice of discrimination by directing minorities to or away from certain neighborhoods. BET-UP LEASE - a lease that provides for agreed upon rent increases at specified times during the lease period.

STRAIGHT-LINE DEPRECIATION - a method of computing depreciation for tax purposes in which the depreciation is evenly spread over the economic life so that the amount of depreciation is the same each year.

SUBDIVIDING - dividing a large parcel of land into smaller parcels.

SUBJECT PROPERTY - the property that is being appraised.

SUBJECT TO AN EXISTING LOAN - a purchaser taking title to the property but not assuming responsibility of an existing loan.

SUBLEASE - a lease given by a lessee to a sublease. For example, A, the owner, leases to B. B then subleases the apartment to C.

SUBLESEE - the person who receives a sublease.

SUBLESSOR - the lessee who gives a sublease to someone.

SUBORDINATION CLAUSE - a clause in a mortgage (or other lien) that would allow a junior mortgage (or other lien) to take priority.

SUBSTITUTION, PRINCIPLE OF - an appraisal principle that the maximum value of a property tends to be set by the cost of similar property. For example, one would not pay \$65,000 if a very similar house could be bought for \$58,000.

SUI JURIS - having the legal ability and capacity to sign contracts, etc. SURVEY - the process of locating and measuring a parcel of land.

SYNDICATION - a group of investors pooling their money to invest in real estate.

T

TACKING ON - the adding of successive periods of continuous use of real property by different adverse possessors in order to total the amount of years necessary to claim adverse possession.

TAX DEED - a deed issued when property is sold to pay delinquent taxes.

TAX-FREE EXCHANGE - a method of deferring capital gains taxes by exchanging one qualified property for another qualified property. TAX SALE - a sale of land for unpaid taxes.

TENANCY AT SUFFERANCE - the unlawful holding over by a tenant whose lease has terminated.

TENANCY AT WILL - a type of lease in which there is no fixed term and continues until either the landlord or tenant terminates it.

TENANCY BY THE ENTIRETY - an ownership estate held by a husband and wife, where upon one spouse's death, the survivor becomes the sole owner of the property.

TENANCY IN COMMON - estate created when two or more people own property at the same time. Upon the death of one owner, his or her share descends to his or her heirs or devisees.

TENANT - one who has the temporary possession of real property owned by another.

TERM LOAN - the borrower only pays interest during the term of the loan until the expiration of the term, when the entire principal is paid.
TESTATE - to die leaving a will.

TESTATOR - a person who has made a will.

TIME OF THE ESSENCE - a clause used in some contracts which requires that performance of the contract be completed before a certain set time.

TIMESHARING - a method of ownership that permits multiple ownership of real property. Each of the owners is given the right to use the property during a certain specified time, often a week or two-week period each year.

TITLE - legally recognized evidence of ownership.

TITLE COMPANY - one which often prepares abstracts and provides title Insurance.

TITLE INSURANCE - insurance that protects against loss or damage due to defects in the title. TITLE SEARCH - the process of checking the public records to establish the current owner.

TITLE THEORY STATES - states which give the mortgage lender title to the property until the mortgage is paid; the opposite of a lien theory state.

TORRENS SYSTEM - a system of registering title to land with the government.

TORT - a civil wrong.

TOWNSHIP - a six mile by six mile area in the rectangular survey which contains 36 sections.

TRADE FIXTURES - personal property items installed and used by a tenant in his business which have been attached to the real property. These items remain personal property and may be removed by the tenant.

TRANSFER TAX - a tax charged to the seller of real estate. In most counties in Michigan this charge is \$4.30 per \$500, or fraction thereof, of the selling price. Of the total tax, \$.55 goes to the County and \$3.75 to the State.

TRAPEZOID - an irregular shaped area which has four sides, but only two are parallel. To find the area, add the two parallel lines, divide by two, then multiply by the distance between the two parallel lines.

TRUST ACCOUNT - see ESCROW ACCOUNT.

TRUST DEED - see DEED OF TRUST.

TRUSTEE - a third party who holds title of property for another person in a deed of trust. TRUSTOR - the borrower in a deed of trust.

TRUTH-IN-LENDING ACT (TIL) - an act which requires that the borrower be informed of the true amount that he will pay for credit. This also enables borrowers to compare the amounts charged by different lenders.

U

UNDISCLOSED PRINCIPAL - occurs when an agent does not reveal the identity of his principal.

UNDIVIDED INTERESTS - the interest that co-owners have which is not separable.

UNIFORM COMMERCIAL CODE - an act that regulates transactions in which personal property is included in the sale, such as bulk transfers.

UNILATERAL CONTRACT - a contract in which one party promises to the other party to do something to induce the second party to do something. The second party is not bound to perform, but if he or she does, the first party is obligated to keep the promise.

UNITY OF INTEREST - a requirement in joint tenancy and tenants by the entirety in which each of the owners holds exactly the same size interest.

UNITY OF PERSON - the legal premise that husband and wife are an indivisible legal unit. Unity of person is a requirement in tenants by the entirety.

UNITY OF POSSESSION - a requirement in joint tenancy and tenants by the entirety in which all of the owners share the same undivided possession of the whole property.

UNITY OF TIME - a requirement in joint tenancy and tenants by the entirety in which each owner must acquire his or her ownership at the same moment.

UNITY OF TITLE - a requirement in joint tenancy and tenants by the entirety in which all of the owners must have received title through the same conveyance, such as the same deed.

UNIVERSAL AGENCY - an agency wherein the agent is empowered to handle all of his principal's affairs.

USURY - the act of charging a rate of interest above the limit set by law.

UTILITY VALUE - the value to an owner/user.

V-W-X-Y-Z

VA GUARANTEED MORTGAGE - a mortgage loan made to a qualified veteran by a lender and guaranteed by the Veteran's Administration in order to limit the lender's risk of loss due to default.

VACANCY RATE - the estimated percentage of vacancies in a rental project. This can be expressed as a percentage of the gross income which is lost or a percentage of the units which will be vacant.

VALID CONTRACT - a binding agreement which contains all of the essential elements to make it enforceable in a court of law. VALUATION - appraising; estimating value.

VALUE - the power of a good or service to command other goods or services.

VARIABLE RATE MORTGAGE (VRM) - a mortgage in which the interest rate charged by the lender may go up or down according to the current interest rates.

VARIANCE - permission from zoning authorities to a property owner who is unfairly burdened by a zoning law allowing an exception to the zoning.

VENDEE - a buyer; the buyer under a land contract.

VENDOR - a seller; the seller under a land contract.

VOID CONTRACT - one which is entirely null and not binding on either party.

VOIDABLE CONTRACT - an agreement that is capable of being void; one that could be voided. For example, a contract with a minor is considered "Voidable" because the minor can void it.

VOLUNTARY ALIENATION - the voluntary transfer of property ownership, usually by deed.

WAIVER OF LIEN - a release of lien.

WARRANTY OF TITLE - see CONVENANT OF WARRANTY OF TITLE.

WAREHOUSING - a financing term that describes the process of loan bankers packaging a number of mortgage loans and selling these packages in the secondary mortgage market.

WARRANTY DEED - a deed in which the grantor makes certain promises to guarantee the quality of title.

WASTE - abusive or destructive use of property.

WORDS OF CONVEYANCE - the grantor's statement in a deed in which he or she states that he or she is making a grant to the grantee.

WRAPAROUND MORTGAGE - a mortgage which encompasses any existing mortgages.

YEAR-TO-YEAR TENANCY - see MONTH-TO-MONTH TENANCY.

YIELD - the return on an investment; profit.

ZONING - governmental regulations of land use. Land use controlled by local government under police power of state.