



*Because to Sue and Michele....
Your Time Matters!*

The Real Estate Marketplace Glossary

Buying a home can be exciting. It also can be somewhat daunting, even if you've done it before. You will deal with mortgage options, credit reports, loan applications, contracts, points, appraisals, change orders, inspections, warranties, walk-throughs, settlement sheets, escrow accounts, recording fees, insurance, taxes...the list goes on. No doubt you will hear and see words and terms you've never heard before. Just what do they all mean?

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Abstract of judgment, law

The summary of a court judgment that creates a lien against a property when filed with the county recorder.

Accelerated cost recovery system

A tax calculation that provides greater depreciation in the early years of ownership of real estate or personal property.

Accelerated depreciation

A bookkeeping method that depreciates property faster in the early years of ownership.

Acceleration clause

A provision that gives a lender the right to collect the balance of a loan if a borrower misses a payment.

Acceptance

The seller's written approval of a buyer's offer.

Access

Any means by which a person can enter property.

Accessibility

The degree to which a building or site allows access to people with disabilities.

Accretion

The gradual addition to the shore or bank of a waterway by deposits of sand or silt.

Acknowledgment

A written declaration affirming that a person acted voluntarily.

Acre

A measurement of land equal to 43,560 square feet.

Acre foot

The volume of material needed to cover an acre of land one foot deep.

Active solar system

A system that utilizes electric pumps or fans to transfer solar energy for storage or direct use.

Actual age

The number of years a structure has been standing.

Addendum

An addition or change to a contract.

Additional principal payment

Extra money included in the monthly payment to help reduce the principal and shorten the term of the loan.

Add-on interest

The interest a borrower pays on the principal for the duration of the loan.

Adjustable-rate mortgage (ARM)

A loan with an interest rate that is periodically adjusted to reflect changes in a specified financial index.

Adjusted cost basis

The cost of any improvements the seller makes to the property. Deducting the cost from the original sales price provides the profit or loss of a home when it is sold.

Adjustment period

The amount of time between interest rate adjustments in an adjustable-rate mortgage.

Administrator

A person given authority to manage and distribute the estate of someone who died without leaving a will.

Administrator's deed

A legal document that an administrator of an estate uses to transfer property.

Adverse possession

The acquisition of title to property through possession without the owner's consent for a certain period of time.

Adverse use

The access and use of property without the owner's consent.

Aeolian soil

Soil that is composed of materials deposited by the wind.

Affiant

A person who makes a sworn statement.

Affirmation

A substitution for an oath granted to people based on religious reasons.

A-frame design

An interior style that features a steeply peaked roofline and a ceiling that is open to the top rafters.

Agency

The relationship of trust that exists between sellers and buyers and their agents. The agency is formed through a written

Agency closing

The process by which a lender uses a title company or other firm as an agent to complete a loan.

Agent

A person licensed by the state to conduct real estate transactions.

Agreed boundary

A compromise boundary to which property owners agree in order to resolve a dispute.

Agreement of sale

A document the buyer initiates and the seller approves that details the price and terms of the transaction.

Alcove

A recessed section of a room, such as a breakfast nook.

Alienation clause

A provision that requires the borrower to pay the balance of the loan in a lump sum after the property is sold or transferred.

Alkali

Mineral salt found in soil.

Alkaline soil

Soil that contains a higher concentration of mineral salt than natural acid.

Alley

A lane behind a row of buildings or between two rows of buildings.

Allowances

Budgets offered by builders of new homes for the purchase of carpeting and fixtures.

Alternative mortgage

Any home loan that does not conform to a standard fixed-rate mortgage.

Aluminum siding

A metal covering that provides an alternative to paint for owners of wood homes.

Aluminum-clad windows

Wooden windows with aluminum covering the exterior.

Amenities

Parks, swimming pools, health-club facilities, party rooms, bike paths, community centers and other enticements offered by builders of planned developments.

American Society of Home Inspectors

The American Society of Home Inspectors is a professional association of independent home inspectors.

Phone: (800) 743-

Americans with Disabilities Act

A law passed in 1990 that outlaws discrimination against a person with a disability in housing, public accommodations, employment, government services, transportation and telecommunications.

Amortization

The process of paying the principal and interest on a loan through regularly scheduled installments.

Amortization tables

Mathematical tables that lenders use to calculate a borrower's monthly payment.

Amperage

The strength of an electrical current.

Anchor bolt

A large steel bolt anchored in concrete and attached to a building to prevent the structure from moving.

Annual

Any kind of plant that must be planted every year.

Annual mortgagor statement

A yearly statement to borrowers that details the remaining principal and amounts paid for taxes and interest.

Annual Percentage Rate (APR)

The cost of the loan expressed as a yearly rate on the balance of the loan.

Annuity

The payment of a fixed sum to an investor at regular intervals.

Anticipatory breach

A communication that informs a party that the obligations of the original contract will not be fulfilled.

Application

A document that details a potential borrower's income, debt and other obligations to determine credit worthiness.

Application fee

The fee that a lender charges to process a loan application.

Appraisal

An opinion of the value of a property at a given point in time.

Appraisal fee

The fee that an appraiser charges to estimate the market value of the property.

Appraisal report

A detailed written report on the value of a property based on recent sales of comparable sites in the area.

Appraised value

An opinion of the current market value of a property.

Appreciation

An increase in the value of a home or other property..

Arbitration

A method of resolving a dispute in which a third party renders a decision.

Arbor

An area shaded by trees, shrubs or vines on a latticework structure.

Arch

A curved structure that supports weight over an area, such as a doorway.

Architect

A licensed professional who designs homes, buildings and other structures.

Architectural fees

The fee an architect charges for services. In general, architects charge for their services by the hour, by the square foot, or by a percentage of the project budget.

Arpent

A French measurement of land equal to .84625 acres.

Asbestos

A fire-resistant mineral used for insulation and home products that has been found to pose a health hazard.

As-is condition

The purchase or sale of a property in its existing condition.

Asking price

A seller's initial price for a property.

Assessed value

A tax assessor's determination of the value of a home in order to calculate a tax base.

Assessment

The estimated value of a piece of real estate or a levy placed on property in addition to taxes.

Assessment rolls

A list of taxable property compiled by the assessor.

Assets

Items of value which include cash, real estate, securities and investments.

Assignor

A person who transfers rights and interests of a property.

Assumable mortgage

A mortgage that can be transferred to another borrower.

Assumption clause

A provision that allows a buyer to take responsibility for the mortgage from a seller.

Assumption fee

A fee the lender charges to process new records for a buyer who assumes an existing loan.

Average price

The price of a home determined by totaling the sales prices of all houses sold in an area and dividing that number by the number of homes.

Avigation easement

An easement over private property near an airport that limits the height of structures and trees.

Awning windows

Single-sash windows that tilt outward and up.

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Back fill

Soil used to solidify the foundation of a structure.

Back title letter

A letter that a title insurance company gives to an attorney who then examines the title for insurance purposes.

Back-to-back escrow

Arrangements that an owner makes to oversee the sale of one property and the purchase of another at the same time.

Backup offer

A secondary bid for a property that the seller will accept if the first offer fails.

Backwater valve

A valve in a sewer line that prevents sewage from flowing back into a house.

Balance sheet

A statement that shows the assets, liabilities and net worth of an individual.

Balloon loan

A mortgage in which monthly installments are not large enough to repay the loan by the end of the term. As a result, the final payment due is the lump sum of the remaining principal.

Balloon payment

The final lump sum payment due at the end of a balloon mortgage.

Balloon-frame construction

A type of framing used in two-story homes in which studs extend from the ground to the ceiling of the second floor.

Balustrade

Railing held up by a set of posts on a porch or stairway.

Bankruptcy

A proceeding in which an insolvent debtor can obtain relief from payment of certain obligations. Bankruptcies remain on a credit record for seven years and can severely limit a person's ability to borrow.

Bargain sale

The sale of a piece of property for less than market value.

Baseboard

Any board or molding found at the bottom of an interior wall.

Baseboard electric heat

Heating units installed in the floor that can be controlled by a central thermostat.

Basement

The area of a home below ground level.

Basis Point

A basis point is one one-hundredth of one percentage point. For example, the difference between a loan at 8.25 percent and a mortgage at 8.37 percent is 12 basis points.

Bay

The opening between two columns or walls that forms a space.

Bay window

A window that projects outward in a curve.

Bearing wall

A wall that supports its own weight in addition to other parts of a structure.

Before-tax income

Total income before taxes are deducted.

Beneficiary

The lender who makes a loan, also called a mortgagee. The person borrowing money is the mortgagor.

Bequest

Personal property given to a person through a will.

Betterment

An improvement that increases a property's value as opposed to repairs that maintain the value.

Bidding war

Offers from multiple buyers for a piece of property. Agents also sometimes compete to list a house for sale.

Bilateral contract

A contract in which the parties involved give mutual promises. Also called "reciprocal" contracts.

Bill of sale

A document that transfers ownership of personal property.

Binder

A report issued by a title insurance company that details the condition of a home's title, and provides guidelines for a title insurance policy.

Biweekly mortgage

A mortgage that requires payments every two weeks and helps repay the loan over a shorter term.

Blanket insurance policy

A policy that covers more than one person or piece of property.

Blanket mortgage

A mortgage that covers more than one property owned by the same borrower.

Blighted area

A neighborhood that has deteriorated.

Blind nailing

Nails driven into a wall and concealed with putty.

Blue sky laws

Regulations on the sale of securities to prevent consumers from investing in fraudulent or high-risk companies without being informed of the risks.

Blue-ribbon condition

A house maintained close to its original condition. Also called mint condition.

Board foot

Measurement of lumber that is the equivalent of 144 cubic inches.

Board of Equalization

A state board charged with ensuring that local property taxes are assessed in a uniform manner.

Board-and-batten siding

Siding is composed of 8- to 12-inch wide wooden boards nailed vertically to create a barn-like exterior.

Boilerplate

Form language used in deeds, mortgages and other documents. Details can be added by individual parties.

Bona fide

A legal term that refers to actions or persons that are honest and in good faith.

Bond

An agreement that insures one party against loss by acts or defaults of another party.

Book value

The value of a property as a capital asset based on its cost plus any additions, minus depreciation.

Boring test

An analysis of soil in which holes are bored into the ground and samples are removed.

Borough

A section of a city that has authority over local matters.

Borrow

Sand, gravel or other material used for grading.

Borrow pit

The hole at a site that has been excavated.

Boulevard

A street lined with trees or constructed with a landscaped median.

Boundary

The dividing line between two adjacent properties.

Braced framing

A construction method in two-story homes in which the frame is reinforced with posts and braces.

Breach of contract

The failure to perform provisions of a contract without a legal excuse.

Breach of covenant

The failure to obey a legal agreement.

Breach of warranty

A seller's inability to pass clear title to a buyer.

Break-even point

The point in which the owner's rental income matches expenses and debt.

Breast height

The height at which the diameter of a tree is measured: four feet, six inches above the ground.

Breezeway

A roofed passageway with open sides.

Brick

Building material made from clay molded into oblong blocks and fired in a kiln.

Bridge loan

A short-term loan for borrowers who need more time to find permanent financing.

Broker

A person licensed by the state to deal in real estate.

Brokerage

The act of bringing together two or more parties in exchange for a fee or commission.

Broom clean

The ideal condition of a building when it is turned over to an owner or tenant.

Brownstone

A vintage row house constructed of red sandstone.

Buffer strip

A parcel of land that separates two or more properties.

Builder upgrades

Extra house features or better finishing materials that a builder offers.

Building and loan association

An organization that raises money to help its members purchase real estate or construct a building.

Building code

A comprehensive set of laws that controls the construction or remodeling of a home or other structure.

Building inspector

A city or county employee who enforces the building code and ensures that work is correctly performed.

Building line or setback

Guidelines that limit how close an owner can build to the street or an adjacent property.

Building moratorium

A halt on home construction to slow the rate of development.

Building paper

A thick, water-resistant paper that serves as insulation.

Building permit

A permit issued by a local government agency that allows the construction of a home or renovation of a house.

Building restrictions

Regulations that limit the manner in which property can be used.

Built-ins

Appliances or other items that are framed into a home or permanently attached.

Bulkhead

A retaining wall designed to hold back water from the ocean or another body of water.

Bundle of rights

The various interests or rights an owner has in a property.

Bungalow

A small one-story house or cottage.

Butterfly roof

A roof formed by two gables that dip in the middle to resemble a butterfly's wings.

Buy-down mortgage

A home loan in which the lender receives a premium as an inducement to reduce the interest rate during the early years of the mortgage.

Buyer broker

A real estate broker who exclusively represents the buyer's interests in a transaction and whose commission is paid by the buyer rather than the seller.

Buyer's market

A slow real estate market in which buyers have the advantage.

Buyer's remorse

An emotion felt by first-time homebuyers after signing a sales contract or closing the purchase of a house.

Bylaws

The rules and regulations that a homeowners association or corporation adopts to govern activities.

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Call option

A clause in a loan agreement that allows a lender to ask for the balance at any time.

Can lights

Cylindrical chambers with bulbs recessed into the ceiling.

Cancellation clause

A clause that details the conditions under which each party may terminate the agreement.

Cantilever

A projecting structure supported on one end, such as a balcony.

Cap

A limit on the amount the interest rate or monthly payment can increase in an adjustable-rate mortgage.

Cape Cod style

A wood-frame or shingled house with a steep roof and several windows projecting from the second floor.

Capital

Money used to create income, such as funds invested in rental property.

Capital expenditure

The cost of making improvements on a property.

Capital gains

Profits an investor makes from the sale of real estate or investments.

Capital gains tax

A tax placed on the profits from the sale of real estate or investments.

Capital improvement

Any improvement that extends the life or increases the value of a piece of property.

Capitalization

A mathematical formula that investors use to compute the value of a property based on net income.

Capitalization rate

The percentage rate of return estimated from the net income of a piece of property.

Caravan

A group of real estate agents who tour a house that has been recently listed for sale.

Carport

A roof that covers a driveway or other parking area.

Casement window

A window hinged on its sides to allow it to swing open vertically.

Cash flow

The amount of cash a rental property investor receives after deducting operating expenses and loan payments from gross

Cashier's check

A check the bank draws on itself rather than on a depositor's account.

Cash-out refinance

The refinancing of a mortgage in which the money received from the new loan is greater than the amount due on the old loan. The borrower can use the extra funds in any manner.

Cathedral ceiling

A high open ceiling formed by finishing exposed roof rafters.

Caulk

An acrylic or silicon sealant used to fill cracks, crevices and holes in a home.

Caveat

A formal notice, that asks a court to suspend action until the party which filed the challenge can be heard.

Caveat emptor

A legal principle derived from Latin than means "let the buyer beware."

Cavedium

A courtyard or atrium.

Ceiling height

The standard height of a ceiling is eight feet.

Central air conditioning

A device that generates cold air through an outside unit that is connected to ductwork inside the house.

Central business district

The area of a city where most large businesses are located.

Certificate of Deposit (CD)

A document which shows that the bearer has a specified amount of money on deposit with a bank, stock-brokerage firm or other financial institution.

Certificate of deposit index

An index based on the interest rates on six-month CDs. It used to determine the interest rate for some adjustable-rate

Certificate of eligibility

A document issued by the Veterans Administration that verifies the eligibility of a veteran for a loan program.

Certificate of occupancy

A document which states that a home or other building has met all building codes and is suitable for habitation.

Certificate of sale

A document issued at a judicial sale, which entitles the buyer to receive a deed after court confirmation of the purchase of the

Certificate of title

A written opinion on the status of a piece of property based on an examination of the public record.

Chain of title

The official record that details the ownership history of a piece of property.

Chair railing

Decorative trim installed on a wall about 32 inches above the floor, which protects against scuffs from furniture.

Change frequency

The adjustment schedule on an adjustable-rate mortgage.

Change order

A modification of the construction contract to authorize a change in the work, an adjustment in the amount of the contract or a change in the contract time. The owner, architect and contractor must sign the change.

Chattel

Personal property such as furniture, clothing or a car.

Chattel mortgage

A lien on personal property used as collateral for a loan.

Chimney back

The back wall or lining of a fireplace or furnace chimney.

Chimney flue

The passage inside a chimney that channels smoke and heat to the outside.

Chimney pot

A short pipe at the top of a chimney that increases ventilation to the fireplace and reduces smoke.

Cinder block

A block made of ash and cement that is used in construction.

Cinder fill

Cinders used below a basement or around a foundation to promote drainage.

Circuit breaker

An electric fuse that activates or deactivates a circuit.

Cistern

A tank used to store rainwater.

Classified property tax

A tax that varies in rate depending on the use of the property.

Clear title

A property that does not have liens, defects or other legal encumbrances.

Closing

The final procedure in which documents are signed and recorded, and the property is transferred.

Closing costs

Expenses incidental to the sale of real estate, including loan, title and appraisal fees.

Closing statement

A document which details the final financial settlement between a buyer and seller and the costs paid by each party.

Cloud on title

An invalid encumbrance on real property.

Cluster development

A method of squeezing more homes into less space.

Codicil

A change to a will that adds or subtracts provisions or clarifies portions of the document.

Co-housing

Individual housing units that are clustered around a common building where residents share cooking and other activities.

Coign

The cornerstone of a building that differs in shape or color from the rest of the wall.

Co-insurance

Coverage that involves the use of two or more insurers..

Collar beam

The structural element that connects roof rafters.

Collateral security

Additional security that a borrower supplies to obtain a loan.

Collection

The series of steps a lender takes to bring a delinquent mortgage up to date.

Collusion

The action of two or more people to break the law.

Colonia

Unincorporated communities along the U.S.-Mexico border.

Column

A slender upright structure that consists of a base, a round or square shaft and a capital.

Column footing

The support base for a load-bearing column. The footing is usually made of reinforced concrete.

Co-maker

A person who signs a promissory note with the borrower and assumes responsibility for the loan.

Combination door

An outer door with interchangeable screen and glass panels.

Combination window

A window with interchangeable screen and glass panels.

Commercial bank

A financial institution that provides a broad range of services, from checking and savings accounts to business loans and

Commercial property

An area that is zoned for businesses.

Commingling

The mixing of money held in trust with other funds.

Commission

The negotiable percentage of the sales price of a home that is paid to the agents of the buyer and seller.

Commitment

A promise by a lender to make a loan with specific terms for a specified period.

Commitment fee

The fee a lender charges for promising to make a loan.

Common area

An area inside a housing development that is owned by all residents.

Common law

A body of laws based on custom, usage and rulings by courts in various jurisdictions.

Common-area assessments

Fees paid by the owners of a condominium project or planned-unit development to maintain, repair, improve or operate common

Common-interest development

A project composed of individually owned units that share usage and financial responsibility for common areas.

Community property

Property accumulated through the joint efforts of husband and wife. It is a classification of property peculiar to certain states.

Community Reinvestment Act

A federal law that encourages financial institutions to loan money in the neighborhoods where minority depositors live.

Commute

The distance and time it takes a person to reach the workplace.

Comparables

Properties used as comparisons to determine the value of a certain property.

Comparative market analysis

An estimate of the value of a property based on an analysis of sales of properties with similar characteristics.

Competent

A term for a buyer who is legally fit to enter into a sales contract.

Compound interest

The interest paid on the principal balance in a mortgage and on the accrued and unpaid interest of the loan.

Concrete tilt-up

The process of pouring concrete into forms on the ground, allowing the forms to harden and then raising the material to a vertical position to form walls.

Condemnation

The process the government uses to take private property for public use without the consent of the owner.

Conditional commitment

A promise by a lender to make a loan if the borrower meets certain conditions.

Condominium

Individual units in a building or development in which owners hold title to the interior space while common areas such as parking lots, community rooms and recreational areas are owned by all the residents.

Condominium conversion

The change in title from a single owner of an entire project or building to multiple owners of individual units.

Conduit

A metal pipe that houses electrical wiring.

Consent judgment

A binding written agreement between two parties to have a judgment entered and recorded.

Conservator

A court-appointed guardian.

Consideration

Anything that is legal, has value and induces a person to enter into a contract.

Construction budget

The funding that an owner arranges for the construction of a project.

Construction documents

Drawings and specifications from an architect that provide detailed requirements for the construction of a project.

Construction loan

Short-term loans a lender makes for the construction of homes and buildings. The lender disburses the funds in stages.

Construction to permanent loan

The conversion of a construction loan to a longer-term traditional mortgage after construction has been completed.

Consumer Credit Counseling Service (CCCS)

A nationwide, nonprofit organization that helps consumers get out of debt and improve their credit profile. National headquarters: 8701 Georgia Avenue., Suite 507, Silver Springs, MD 20910. Phone: (800) 388-2227.

Contemporary style

A design that features streamlined shapes, large unadorned windows and industrial materials.

Contiguous lots

Pieces of property that are adjoined.

Contingency

A condition specified in a purchase contract, such as a satisfactory home inspection.

Contingency listing

A property listing with a special condition attached.

Contingent fee

A fee that must be paid if a certain event occurs.

Contract

An agreement between two or more parties that creates or modifies an existing relationship.

Contract for deed

A contract in which the seller agrees to defer all or part of the purchase price for a specified period of time.

Contract to purchase

A contract the buyer initiates which details the purchase price and conditions of the transaction and is accepted by the seller. Also known as an agreement of sale.

Contractor

The individual who contracts for the construction of a home or project.

Contractual lien

A voluntary obligation such as a mortgage or trust deed.

Controlled growth

Any restrictions imposed on the amount or type of new development in an area.

Conventional loan

A long-term loan a lender makes for the purchase of a home.

Convertible adjustable-rate mortgage

A mortgage which starts as an adjustable-rate loan, but allows the borrower to convert the loan to a fixed-rate mortgage during a specified period of time.

Conveyance

The transfer of title of property.

Conveyance tax

A tax imposed on the transfer of real property.

Cooperating broker

A real estate broker who finds a buyer for a property that another broker has listed.

Cooperative corporation

A business trust that holds the title to a cooperative residential building and grants occupancy rights to shareholders in the

Cooperative mortgages

Any loans related to a cooperative residential project.

Cooperative project

A project in which a corporation holds title and sells shares representing individual units to buyers who then receive a proprietary lease as their title.

Corner bead

A reinforcement placed in the corner where two walls intersect.

Corner influence

The effect on the value of a property because it is situated on a corner or near a corner.

Cornice

A horizontal molding that projects from the top of a structure or wall.

Corporate relocation

An arrangement by which employers pay to transfer and move employees.

Corrective work

Necessary or desired repairs to remedy problems uncovered by a home or specialized inspection.

Co-signer

A second party who signs a promissory note and takes responsibility for the debt.

Cost-plus contract

A construction contract that determines the builder's profit based on a percentage of the cost of labor and materials.

Cottage

A small, one-story house.

Counteroffer

A response to an offer.

Covenant

A legal assurance or promise in a deed or other document, or implied by the law.

Covenants, conditions and restrictions (CC&Rs)

Rules and regulations for a development, such as acceptable landscaping or improvements that can be made to individual

Craftsman style

An architectural style that evolved as part of the Arts and Craft movement near the turn of the century.

Crawl space

The space between the ground and the first floor of a home, usually no higher than four feet.

Creative financing

Innovative home-financing arrangements that help sell a property.

Credit

The money a lender extends to a buyer for a commitment to repay the loan within a certain time frame.

Credit history

A record of an individual's current and past debt payments.

Credit life insurance

Insurance that pays off a mortgage in the event of the borrower's death.

Credit rating

The degree of credit worthiness assigned to a person based on credit history and financial status.

Credit report

A credit bureau report that shows a loan applicant's history of payments made on previous debts. Several companies issue credit reports, but the three largest are Trans Union Corp., Equifax and Experian (formerly TRW).

Credit repository

Large companies that gather financial and credit information from various sources about individuals who have applied for

Credit union

Nonprofit cooperative organizations that provide banking and financial services, including mortgages, home improvement loans and home equity loans, to their members.

Creditor

An individual or institution to whom a debt is owed.

Cross-bridging

The strengthening of a structure by bracing cross members between beams.

Cul de sac

A street or alley that is closed at one end.

Cupola

A dome-like structure that sits on top of a roof.

Curable defect

A deficiency in a property that is easy or inexpensive to fix, such as chipping paint.

Curb appeal

The first impression of a house as seen from the street.

Curtain wall

An exterior wall that encloses a yard or other area but does not provide any structural support to a home.

Custom builder

A builder who constructs a home or building based on plans created by the owner.

Custom home

A structure designed by an architect hired by the owner.

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Damper

A movable plate in a fireplace that allows smoke and fumes to travel up the chimney's flue.

Days on the market

The period of time a property is listed for sale until it is sold or taken off the market

Deadbolt lock

Locks that require a key to open from the outside and a turn button from the inside.

Debt

Any amount one person owes to another.

Deck

A roofless, floored area that adjoins a house.

Deed

The legal document that transfers ownership of a piece of property.

Deed of trust

A document that gives a lender the right to foreclose on a piece of property if the borrower defaults on the loan.

Deep-seal floor drain

A drain used to dispose of water from the basement floor to a sewer line.

Default

The failure to fulfill a duty or promise or discharge an obligation, such as making monthly mortgage payments.

Deferred maintenance

Any repair or maintenance of a piece of property that has been postponed, resulting in a decline in property value.

Delinquent mortgage

A mortgage that involves a borrower who is behind on payments. If the borrower cannot bring the payments up to date within a specified number of days, the lender may begin foreclosure proceedings.

Density test

An analysis of soil to determine if the surface can support the foundation of a house.

Dentils

Small rectangular blocks that project from a building, usually under cornices or along rooflines.

Deposit

Money given by the buyer with an offer to purchase property. Also called earnest money.

Depreciation

The decline in value of a piece of property.

Design/build

A project in which the owner contracts directly with an individual or company to perform design and construction.

Designer

Unlike architects, designers are limited to drawing blueprints.

Digital images

Images that are incorporated into house listings to give potential buyers a view of the property.

Dimension plans

Plans which show the layout of a house but are less detailed than full blueprints.

Disability insurance

An insurance policy which covers an individual's ability to produce income.

Disclosure

A statement to a potential buyer listing information relevant to a piece of property, such as the presence of radon or lead paint.

Discount points

Fees that a borrower pays at the time the lender makes the loan. A point equals 1 percent of the total loan amount.

Distressed property

Property that is in poor physical or financial condition.

Document needs list

A list of documents a lender requires when a potential submits a loan application.. The required documents range from paycheck stubs to credit card statements.

Domed ceiling

A hemispherical ceiling that projects upward without support.

Domicile

A person's primary or permanent home.

Dormer

A window set upright in a sloping roof.

Double-hung window

A window that consists of two sashes that slide up and down.

Dovetail joints

Joints that lock two pieces of wood together with meshed teeth.

Down payment

The amount of money a buyer agrees to give the seller when a sales agreement is signed. Complete financing is later secured with a lender.

Down spouts

A vertical gutter that empties water from the roof to the ground.

Drainage

A system of gutters and drainpipes that carry water away from the foundation of a house.

Draw

A payment made to subcontractors or suppliers from a construction loan.

Dropped ceiling

A flat ceiling built lower than the original ceiling.

Dry rot

A fungal decay that causes wood to become brittle and crumble.

Drywall

A construction material composed of gypsum or plaster wrapped in paper and produced in large sheets that can be nailed to wall studs.

Dual agency

A relationship in which a real estate agent or broker represents both parties in a transaction.

Duct

Any kind of pipe or channel that carries water, wiring or conditioned air through a house.

Due-on-sale clause

Standard language in a mortgage which states that the loan must be paid when a house is sold.

Duplex

A structure that consists of two separate family units.

Dutch colonial style

A design that features barn-like gambrel roof, a ground-level front porch, and dormers.

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Early occupancy

The condition in which buyers can occupy the property before the sale is completed.

Earnest money

Money a buyer gives with an offer to purchase a property. Also called a deposit.

Earthquake insurance

A policy that provides coverage against damage to a home from an earthquake.

Easement

A right given to a third party to use a portion of the property for certain purposes, such as power lines or water mains.

Eaves

The projecting overhang at the lower edge of a roof.

Effective age

The age of a structure estimated by its condition rather than its actual age.

Effective gross income

Additional income that a lender considers when assessing the loan application of a potential borrower.

Electric service panel

A panel that transfers power from the utility line into a house to be distributed through fuses or circuit breakers.

Elevations

The exterior view of a home design that shows the position of the house relative to the grade of the land.

Ell

An extension or wing of a house that is at right angles to the main structure.

Eminent domain

The government's right to condemn private land for public use, such as the routing of a public highway.

Employer-assisted housing

Programs which help employees purchase homes through special plans developed with lenders.

Empty nesters

Potential buyers who have raised their families and want to move into a smaller home.

Encroachment

Fences or other structures that extend into the property of another owner.

Encumbrance

A claim or lien on a property which complicates the title process.

End loan

The conversion from a construction loan to permanent financing a condominium buyer secures after all units in a project have been completed.

Endorser

A person who signs over ownership of property to another party.

English Tudor style

An architectural design that features stone or brick exterior walls and exposed beams.

Environmental impact statement

A government-mandated evaluation of all aspects and effects a development will have on the environment of a proposed site.

Environmentally friendly home construction

A method of construction that utilizes recycled materials.

Equal Credit Opportunity Act.

A federal law that prohibits a lender or other creditor from refusing to grant credit based on the applicant's sex, marital status, race, religion, national origin or age. The law also prohibits a creditor from refusing to grant credit because the applicant receives public assistance.

Equifax

Equifax Credit Information Services, Inc., is one of the "Big Three" credit-reporting bureaus that operate nationwide. Address:
P.O. Box 740249, Atlanta, GA 30374.

Equity

A determination of the value of a property after existing liens are deducted.

Errors and omissions insurance

A policy that pays for any mistakes a builder or architect makes in a project.

Escrow

A neutral third party holds the documents and money involved in a real estate transaction and ensures that all conditions of a sale are met.. Escrow also refers to a special account that a lender establishes to hold monthly installments from the borrower to cover property taxes and insurance.

Escrow account

An account that a lender or mortgage servicer establishes to hold funds for the payment of expenses such as homeowners insurance and property taxes. Also known as an impound account.

Escrow agent

A neutral third party who ensures that all conditions of a real estate transaction are met.

Escrow analysis

A lender's periodic examination of an escrow account to determine if the lender is withholding enough funds from a borrower's monthly mortgage payment to pay for expenses such as property taxes and insurance.

Escrow closing

Escrow closes when all conditions of a real estate transaction are met and the title of the property is transferred to the buyer.

Escrow company

Firms that act as neutral third parties to ensure that all conditions that the buyer, seller and lender establish in a real estate transaction are met.

Escrow payment

Funds that a mortgage servicer withdraws from a borrower's escrow account to pay property taxes and insurance.

Estate

The total assets of a person, including real property, at the time of death.

Eviction

A legal procedure to remove a tenant for reasons including failure to pay rent.

Examination of title

An inspection by a title company of public records and other documents to determine the chain of ownership of a property.

Excavation

The process of clearing trees, removing topsoil and grading land before the foundation is laid.

Exclusive listing

A contract that gives an agent the exclusive right to market a property for a specific period of time.

Executor

A person appointed to carry out the instructions in a will. If there is no will, a probate court will appoint an executor.

Exhaust fan

Ventilating devices that remove water vapor, undesired smells or smoke.

Experian

Experian, formerly known as TRW Information Systems & Services, is one of the "Big Three" credit-reporting bureaus. Address: 505 City Parkway West, Orange, CA 92868.

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Façade

The part of a building facing the street or a courtyard.

Fair Credit Billing Act

A federal law that governs credit and charge card billing errors. If a credit or charge card company violates any provision, consumers can sue to recover damages.

Fair Credit Reporting Act.

A federal law passed in 1971 that regulates the activity of credit bureaus. It is designed to prevent inaccurate or obsolete information from staying in a consumer's credit file and requires credit bureaus to have reasonable procedures for gathering, maintaining and disseminating credit information. The act also requires credit bureaus to show a consumer their credit file if the consumer presents proper identification, although the bureau reserves the right to charge a fee for doing so.

Fair Debt Collection Practices Act.

A federal law passed in 1977 which outlaws debtor harassment and other types of collection practices. The act regulates collection agencies, original creditors who set up a separate office to collect debts, and lawyers hired by the creditor to help collect overdue bills. An original creditor--the company or individual that originally granted the credit--is not covered by the act, but may be covered by similar measures approved by state governments.

Fair Housing Act

Landmark federal law passed in 1965 and amended in 1988 that makes it illegal to deny rent or refuse to sell to anyone based on race, color, religion, sex or national origin. The 1988 amendment expanded the protections to include family status and

Fannie Mae

The official name of the Federal National Mortgage Association, it is a congressionally chartered, shareholder-owned company that buys mortgages from lenders and resells them as securities on the secondary mortgage market.

Farmer's Home Administration

A U.S. Department of Agriculture agency that provides credit to farmers and rural residents.

Fascia

A board that connects the ends of the roof rafters and provides a surface to support gutters.

Federal Home Loan Mortgage Corporation, law

The Federal Home Loan Mortgage Corporation, commonly known as Freddie Mac. The company buys mortgages from lending institutions, pools them with other loans and then sells shares to investors.

Federal Housing Administration (FHA)

This government agency operates a variety of home-loan programs. Its most popular is the Sec. 203(b), program, which provides low-rate mortgages to buyers who make a down payment as small as 3 percent.

Federal National Mortgage Association

Now officially dubbed Fannie Mae, this federally chartered agency buys mortgages from lending institutions, pools them with other loans and sells shares to investors.

Federal Reserve Board

A group of economists and other experts who set the nation's monetary policy. Its chief tool to control inflation is the power to control interest rates.

Federal style

The all-American home architecture style that evolved after the Revolutionary War. Details include bigger windows and a front doorway surrounded by glass and topped with an arched window.

Federal Trade Commission

The government agency responsible for regulating a variety of companies and industries, from credit bureaus and collection agencies to timeshare operators and certain types of creditors. National headquarters: Sixth and Pennsylvania Avenue NW, Washington, D.C. 20580. Phone: (202) 326-2222.

Fee simple

This type of ownership is the maximum interest a person can have in a piece of real estate. It entitles the owner to use the property in any manner they see fit, in accordance with state and local laws.

Fee simple defeasible

The owner of the property holds a fee simple title contingent upon certain conditions.

Feng shui

An ancient Chinese belief that the physical characteristics of a house and the positioning of the home will affect the fortunes of the owner.

FHA loans

Mortgages that are insured by the Federal Housing Administration. The FHA's 203(b) loan program provides low-rate mortgages to buyers who make a down payment as small as 3 percent. The agency also operates loan plans for investors and purchasers of rural property.

Fiduciary duty

The relationship of trust that buyers and sellers expect from a real estate agent. The term also applies to legal and business relationships.

Field changes

Modifications made on the construction site that do not match blueprints.

Fill dirt

Soil brought in to solidify a finished foundation.

Filled land

An area where the ground has been raised by adding dirt, gravel or other fill material.

Finder's fee

A fee in any amount that is paid to someone.

Finish grade

A finish that prepares a lot for landscaping.

Fire wall

A buffer composed of fire-resistant material.

Firm commitment

A promise made by a lender when it agrees to loan money for the purchase of property.

First mortgage

The primary mortgage on a property that has priority over all other voluntary liens.

Fixed installment

The monthly payment on a home loan.

Fixed time

The specific weeks in a year an owner of a timeshare arrangement has access to accommodations.

Fixed-rate mortgage

A home loan with an interest rate that will remain at a specific rate for the term of the loan. About 75 percent of all home mortgages have fixed rates.

Fixer-upper

A house that needs refurbishment or remodeling. It usually sells at a below-market price.

Fixture

Personal property permanently attached to a house, such as drapery rods, toilets, built-in bookcases or a furnace.

Flashing

Metal strips placed around chimneys, skylights, vents, windows, doors, beneath shingles and along seams in the roof to prevent water seepage.

Flat fee

A set fee charged by a broker instead of a commission.

Flat roof

A roof with a level surface.

Float floor drain

A drain that diverts water from the basement to a collection area. Water is then removed with a sump pump.

Floating wall

Walls built to withstand movement in the basement floor.

Flood insurance

Hazard coverage that is required in designated flood areas.

Flood plain

Flat, flood-prone areas located along waterways.

Floor area ratio

The calculation of the floor area of all homes or buildings in a project. It is used in the planning and development of a site.

Florida rooms

Enclosed porches built on the side or back of a home.

Footings

Concrete foundations that support a structure.

For Sale By Owner (FSBO)

The owner acts as the agent to avoid paying a sales commission.

Forbearance

A course of action a lender may pursue to delay foreclosure or legal action against a delinquent borrower.

Foreclosure

The legal process reserved by a lender to terminate the borrower's interest in a property after a loan has been defaulted. When the process is completed, the lender may sell the property and keep the proceeds to satisfy its mortgage and any legal costs. Any excess proceeds may be used to satisfy other liens or be returned to the borrower.

Forfeiture

The relinquishing of property rights by a delinquent borrower.

Foundation

The support structure of a house.

Foyer

The entrance hall to a home or building.

Framing

The construction of the skeletal framework of a house.

Freddie Mac

The common name for the Federal Home Loan Mortgage Corporation, a congressionally chartered institution that buys mortgages from lenders and resells them as securities on the secondary mortgage market.

Free-market lots

Owners of these types of lots may hire any builder to construct their home.

French doors

Two adjoining doors inlaid with glass that open from the middle.

Frontage

The portion of property that borders a roadway or body of water.

Fully amortized adjustable-rate mortgage

A mortgage that amortizes, or pays down, the balance of a loan.

Furnace

An enclosed heating device powered by coal, oil, propane or natural gas.

Fuse

A device that allows power to be channeled into a home.

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Gable

A triangular wall enclosed by the sloping ends of a ridged roof or a triangular decorative feature.

Gable roof

A ridged roof that forms a triangle at each end.

Gag rules

A provision in contracts signed by new buyers that prohibits the owners from publicizing complaints about the builder.

Gambrel roof

A roof with two slopes, often seen on barns.

General contractor

The person who hires all of the subcontractors and suppliers for a project.

General plan

A government's long-range land-use plan.

Geodesic dome

A structure constructed of lightweight bars forming a grid of polygons.

Georgian style

Popular throughout the 18th century, this type of architecture is distinguished by a symmetrical facade, prominent front entrance and quoins-decorative blocks of masonry or wood set in the corners of the house.

Gift

A cash gift a buyer receives from a relative or other source. Lenders usually require a "gift letter" stating that the money will not have to be repaid.

Gingerbread decoration

An intricate, almost lacy, wood trim.

Girders

Crossbeams that support floor joists.

Good-faith estimate

An estimate from an institutional lender that shows the costs a borrower will incur, including loan-processing charges and inspection fees.

Government National Mortgage Association

Commonly known as Ginnie Mae, this agency buys home loans from lenders, pools them with other loans and sells shares to investors. Ginnie Mae differs from its cousins, Fannie Mae and Freddie Mac, in that it only purchases loans backed by the federal government.

Grace period

A specified amount of time to make a loan payment after its due date without penalty.

Grade

The elevation of land above level ground.

Grade level

The flat or sloping surface upon which a house is built.

Graduated-payment mortgage (GPM)

A mortgage that requires a borrower to make larger monthly payments over the term of the loan. The payment is unusually low for the first few years but gradually rises until year three or five, then remains fixed.

Granny flat

Slang term for a separate unit in a house or above the garage, which in the past may have been occupied by an elderly

Grantee

A person conveyed an interest in a piece of property.

Grantor

The person who conveys an interest in a piece of property to another person.

Greek Revival style

A style introduced in the U.S. at the end of the 18th century. Its most prominent feature is a pillar-anchored pediment forming a portico in the front of the house.

Greenbelt

Any stretch of park, open space or other natural setting in a community.

Gross income

The total income of a household before taxes or expenses are subtracted.

Ground fault circuit interrupter

Devices that detect leakage of electrical current to the ground and prevent accidental shock.

Ground rent

The amount of money paid for the use of a piece of property when it is a leasehold estate.

Group home

A single-family residence used as a living space for unrelated, developmentally disabled or mentally disabled people.

Growing-equity mortgage

A fixed rate mortgage that increases payments over a specific period of time. The extra funds are applied to the principal.

Guarantee mortgage

A loan guaranteed by a third party, such as a government institution.

Gutters

Horizontal channels installed at the edge of a roof to carry rainwater or melted snow away from the house.

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Half-bath

Also called a powder room, a half-bath contains a toilet and a sink but no bathtub or shower stall.

Hazard insurance

This provision of homeowners insurance covers damage by fire, wind or other disaster. It is required by all lenders before a loan is approved.

Header

Crossbeams above windows and doors.

Heat pump

An electric cooling and heating system.

Hectare

The equivalent of 2.471 acres.

High density

The concentration of housing units in a specific area or on a specific property.

High-rise

Any building higher than six stories.

Hip roof

A pitched roof with sloping sides.

Historic preservation

The physical rehabilitation of a historic home or building, and the movement of the same name begun in the 1960s in the U.S. to preserve and protect landmarks and urban neighborhoods.

Historic structure

A home or building listed in the National Register of Historic Places and certified as historic by the U.S. Secretary of the Interior.

Home equity conversion mortgage

Loans made to older owners who want to convert equity into money. Because borrowers are qualified on the basis of the value of their home, e, the loan is not the same as a home equity loan. Also known as reverse mortgages.

Home equity loan

A loan that allows owners to borrow against the equity in their homes.

Home inspection

An examination of a home's construction, condition and internal systems by an inspector or contractor prior to purchase.

Home rule

The power of a local government to adopt its own land-use regulations.

Home warranty

A type of insurance that covers repairs to certain parts of a house and some fixtures.

Homeowners' association

A group that governs a modern subdivision or planned community. An association collects monthly fees from all owners to pay for maintenance of common areas, handle legal and safety issues, and enforce the covenants, conditions and restrictions set by the developer.

Homeowners' insurance

This insurance includes hazard coverage for any damages that may affect the value of a house, in addition to personal liability and theft coverage.

Homeowners' warranty

Special insurance policies that cover certain home repairs for a specified amount of time.

Homesteading

A document that to protects some of a home's equity from lawsuits.

Hopper window

A window that contains a single sash that tilts inward.

Hose bibb

A threaded faucet connection for devices such as a washing machine.

House wrap

A polyethylene barrier wrapped around a house to save energy.

Housing discrimination

The illegal practice of denying an individual or group the right to buy or rent a home based on race, color, religion, national origin, sex, disability or family status.

Housing expense ratio

The percentage of gross monthly income devoted to housing costs.

HUD-1 Uniform Settlement Statement

A closing statement or settlement sheet that outlines all closing costs on a real estate transaction or refinancing.

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Impact fees

Fees collected from developers of new homes to pay for schools, parks and other facilities.

Implied warranty of habitability

Court cases which determined that all new homes are assumed to be fit for human habitation and meet all building codes.

Impounds

A portion of the monthly mortgage payment that is placed in an account and used to pay for hazard insurance, property taxes and private mortgage insurance.

Income property

Property that is not occupied by the owner but is used to generate income.

Incurable defect

A defect in a property that cannot be fixed, such as an adjacent hazardous waste site, or that would cost too much to repair relative to the value of the property.

Index

Financial tables used by lenders to calculate interest rates on adjustable mortgages and on Treasury bills.

Individual Retirement Account

Tax-deferred savings accounts that allow people to accrue retirement funds.

In-file credit report

Computer-generated reports drawn from credit repositories that are generally regarded as objective histories.

Infill development

Any significant new construction in an established area.

Infill housing

Home construction in established areas.

Inflation

This event occurs when there is more money available than there are goods and services to be purchased. Mortgage rates, which are determined by the marketplace and the actions of the Federal Reserve Board and Wall Street, are sensitive to

Infrastructure

The roads, schools, parks, utilities, bridges and communications systems in a community.

Initial interest rate

The original interest rate on an adjustable mortgage.

Inspection report

An examination of a home's exterior, foundation, framing, plumbing, electrical system, heating, air conditioning, fireplace, kitchen, bathroom, roofing and interior.

Installment contract

A purchase agreement in which the buyer does not receive title to the property until all installments are paid.

Insulation

Materials including cellulose, glass fiber, rock wool, polystyrene, urethane foam and vermiculite that slow heat loss.

Insurable title

Title to property that a company agrees to insure against defects and disputes.

Insurance

Owners and buyers can purchase various types of insurance: hazard, private mortgage and earthquake. The policies guarantee compensation for specific losses.

Insurance binder

A temporary insurance arrangement usually put in force until a permanent policy can be obtained.

Interest

The fee borrowers pay to obtain a loan. It is calculated based on a percentage of the total loan.

Interest accrual rate

The rate at which interest accrues on a mortgage.

Interest rate

The sum, expressed as a percentage, charged for a loan. Interest payments on most home loans are tax-deductible.

Interest rate buy-down plans

For cash-short buyers, some sellers are willing to advance funds from the sale of the home to buy down the interest rate and reduce the buyer's monthly obligation.

Interest rate caps

A limit on the amount that can be charged to the monthly payment of an adjustable-rate mortgage during an adjustment period.

Interest rate ceiling

The highest interest a lender can charge for an adjustable-rate mortgage.

Interest-only loan

The pays only the interest that accrues on the loan balance each month. Because each payment goes toward interest, the outstanding balance of the loan does not decline with each payment.

Investment property

Real estate that generates income, such as an apartment building or a rental house.

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Jalousie window

A window that consists of vertical rows of horizontal glass slats that operate together by a crank mechanism that connects all

Joint liability

The responsibility of two or more people to fulfill the terms of a home loan or debt.

Joint tenancy

Ownership by two or more people that gives equal shares of a piece of property. Rights pass to the surviving owner or

Joist

A floor or ceiling support member supported by foundation walls, piers or beams. Subflooring is connected to floor joists.

Judgment

The decision of a court or law. If a court decides that a person must repay a debt, a lien may be placed against that person's

Judicial foreclosure

A procedure to handle foreclosure proceedings as civil matters.

Jumbo mortgage

Loans that exceed limits set by Fannie Mae and Freddie Mac. The current limit is \$300,700.

Junior mortgage

A loan that subordinate to the primary loan.

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Kit home

A structure that contains prefabricated components and is put together by a contractor.

Knee wall

A wall-like structure that supports roof rafters.

Knob-and-tube wiring

An old-fashioned wiring system that has been replaced by fuses and circuit breakers.

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Landscape

A home's surroundings can range from a shrub-studded emerald lawn to a native-plant xeriscape. It is a major component of curb appeal.

Landscape architect

A professional who holds a degree in landscape architecture, which involves training in horticulture, landscape design and

Landscape contractor

A professional who carries out the plans of a landscape architect or a landscape designer.

Landscape designer

A landscape designer has training in horticulture and landscape planning, but does not necessarily hold a degree.

Late charge

A fee a lender imposes on a borrower when the borrower does not make a payment on time.

Late payment

A payment a lender receives after the due date has passed.

Latent defect

An invisible problem in a piece of property such as bad wiring, termite damage or lead paint.

Lead

A metallic chemical element present in older dwellings, primarily in the form of lead-based paint and lead plumbing. Exposure to lead has been found to be a health risk.

Lease

A binding agreement that contains the terms and conditions of a renter's occupancy.

Lease option

A lease that contains the right to purchase the property for a specific price within a certain time frame.

Leasehold estate

An arrangement in which the borrower does not own a specific piece of property but possesses a long-term lease.

Legal blemish

Blemishes on a piece of property, such as a zoning violation or fraudulent title claim.

Legal description

A specific way of identifying and locating a piece of real estate that is acceptable to a court.

Lender

A bank, savings institution or mortgage company that offers home loans.

Letter of intent

A formal statement that the buyer intends to purchase the property for a certain price on a certain date.

Leverage

The use of a small amount of cash--a 5 percent or 10 percent down payment--to buy a piece of property.

Liabilities

A borrower's debts and financial obligations.

Liability insurance

A policy that protects owners against any claims of negligence, personal injury or property damage.

Lien

A claim laid by one person or company on the property of another as security for money owed.

Life cap

A limit on the amount that a loan rate can move during the term of the mortgage. For example, the rate on an adjustable-rate mortgage that begins at 5 percent and has a lifetime cap of 6 percentage points cannot rise above 11 percent, even if rates on fixed-rate mortgages soar to 20 percent.

Life-cycle cost analysis

An analysis of a building project's expected operating, maintenance and replacement costs, calculated by an architect.

Limited partnership

Real estate syndicates and other investment groups use this type of ownership.. A general partner makes the group's investment decisions, oversees the investment and is principally liable for any losses.

Lintel

A horizontal piece over a door or window that carries the weight of the structure above it.

Liquid assets

Cash and all other assets that can be converted to cash relatively quickly. Liquid assets can include money in savings and checking accounts, money-market accounts, and most certificates of deposit.

Liquidated damages

When a real estate deal goes awry, one party often is entitled to liquidated damages, a sum of money set out in the purchase contract in that event.

Listing

A piece of property placed on the market by a listing agent.

Listing inventories

The known number of houses for sale within a given market.

Live-in partnership

An arrangement in which two unrelated people purchase a home.

Live-work space

An officially designated dwelling in which the occupant conducts a home-based business or enterprise.

Load-bearing wall

A wall that supports not only its own weight, but the weight of other parts of a home. Also called a bearing wall.

Loan application

The first step toward submitting a home loan requires the borrower to itemize basic financial information.

Loan application fee

A fee charged by lenders to for making a loan application.

Loan commitment

A promise by a lender or other financial institution to make or insure a loan for a specified amount and on specific terms.

Loan officer

An official representative of a lending institution who is empowered to act on behalf of the lender within certain limits.

Loan origination fee

Most lenders charge borrowers an origination fee--or points--for processing a loan. A point is 1 percent of the total loan

Loan processing fee

A fee charged by some lenders for gathering information to enable the lender to process the loan.

Loan term

The amount of a time set by the lender for a buyer to pay a mortgage. Most conventional loans have 30-year or 15-year terms.

Loan -to-value ratio

A technical measure used by lenders to assess the relationship of the loan amount to the value of the property

Lock-in

When interest rates are volatile, many borrowers want to "lock in" an interest rate and many lenders will oblige, setting a limit on the amount of time the lock-in is in effect.

Loft

A living space not partitioned into rooms or a small space built above a larger room.

Log cabin

Homes constructed of rough-hewn timbers and a standard housing form in the early European settlement of the U.S.

Low density

A low concentration of housing units in a specific area.

Low-ball offer

An offer made to a seller that is substantially below market value. The longer a property stays on the market, the more likely there are to be such offers.

Low-documentation loan

A mortgage that requires only minimal verification of income and assets.

Low-down-payment loan

A home loan that requires the borrower to make only a small down payment before obtaining the financing needed to purchase a house.

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Main water shut-off valve

The primary valve that halts the flow of water from the water meter into a home.

Maintenance fee

The monthly assessment members of a homeowners' association pay for the repair and maintenance of common areas.

Managed-competition lots

Lots in which buyers choose between one of several builders.

Mansard roof

A roof with four sides that slope upward from the roof edge to the square peak.

Mantel

The facing of stone, marble or other material around a fireplace.

Manufactured housing

Prefabricated homes that can range from simple trailers to larger dwellings.

Margin

The lender's "retail markup" on the mortgage. For example, if the index rate for an adjustable-rate mortgage is 5 percent but the lender has a 2.5 percentage-point margin, the rate the borrower will pay is 7.5 percent.

Market conditions

Factors affecting the sale and purchase of homes at a particular point in time.

Market value

The price that a piece of property sells for at a particular point in time.

Masonry

The brick or stone work on a building.

Master-planned community

A suburban plan that includes homes and commercial, work, educational and community facilities.

Maximum financing

A loan amount within 5 percent of the highest loan-to-value ratio allowed for a property.

Mechanical systems

A home's plumbing, wiring, heating and cooling systems.

Mechanic's lien

Subcontractors or suppliers sometimes will file an encumbrance, or mechanic's lien, against a property to seek payment.

Median price

The price of the house that falls in the middle of the total number of homes for sale in that area.

Mediation

A dispute-resolution process in which a neutral party works to resolve contract differences.

Merged credit report

A report that draws information from the Big Three credit-reporting companies: Equifax, Experian and TransUnion Corp.

Metes and bounds

A time-honored land surveying method of describing land in terms of shape and boundary dimensions.

Mint condition

Mint condition, or blue-ribbon condition, refers to a house that looks as close to new as possible.

Mixed-income housing

A neighborhood that contains houses of widely varying prices.

Mixed-use development

A project that combines several different functions, such as residential space above a commercial establishment or an entire development combining commercial, residential and public accommodations.

Modification

A change in any of the terms of the loan agreement.

Molding

Decorative trim elements applied to walls, ceilings, and window and door openings.

Money market account

Accounts that work like money market funds and allow individual investors to participate in certain managed investments and withdraw funds under most conditions.

Money market funds

A mutual fund that pools the resources of individuals to invest in certain managed investments.

Mortgage

A legal document specifying a certain amount of money to purchase a home at a certain interest rate, and using the property as collateral.

Mortgage acceleration clause

A clause which allows a lender to demand that the entire balance of the loan be repaid in a lump sum under certain circumstances. The acceleration clause is usually triggered if the home is sold, title to the property is changed, the loan is refinanced or the borrower defaults on a scheduled payment.

Mortgage banker

A company that provides home loans using its own money. The loans are usually sold to investors such as insurance companies and Fannie Mae.

Mortgage broker

A company that matches lenders with prospective borrowers who meet the lender's criteria. The mortgage broker does not make the loan, but receives payment from the lender for services.

Mortgage insurance

Required by lenders in some loans to protect them from a possible default . All conventional loans with less than a 20 percent down payments require private mortgage insurance, or PMI.

Mortgage life insurance

A special type of insurance that will pay off a mortgage if the borrower dies before the debt is retired.

Mortgagee

A bank or other financial institution that lends money to the borrower. The borrower is considered the mortgagor.

Mortgage-interest deduction

The tax write-off that the Internal Revenue Service allows most owners to claim for the annual interest payments they make on their real estate loans.

Mortgagor

The person who borrows money to purchase a house. The lender is called the mortgagee.

Motivated buyer

Any buyer with a strong incentive to make a purchase.

Motivated seller

Any seller with a strong incentive to make a deal.

Move-in condition

A house that is ready for a new occupant.

Move-up buyer

A buyer who has purchased a home before and is looking for a bigger or more expensive home.

Mullion

A vertical dividing bar between window lights or panels.

Multidwelling property

A property that contains individual units for several households but carries only one mortgage.

Multifamily mortgage

A mortgage on a multifamily dwelling with more than four families, typically an apartment building.

Multiple listing service (MLS)

The service combines the listings for all available homes in an area, except For-Sale-By-Owner (FSBO) properties, in one directory or database.

Multiple offers

Multiple purchase offers occur in hot markets or hot neighborhoods.

Municipal housing inspector

Inspectors employed by cities or counties to check all construction sites and verify that contractors are meeting building codes.

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Nail pops

Nails in load-bearing parts of new homes that pop out slightly because of settling of the structure.

Needs-based pricing

A seller's asking price that is based on factors such as the required funds to pay off the mortgage, the cost of remodeling or the purchase of another house.

Negative amortization

The situation occurs when a borrower's monthly payment is not large enough to cover both the principal and interest of a loan. As a result, the outstanding balance of the loan actually grows larger with each payment rather than smaller. Most fixed-rate loans are not subject to negative amortization, but many adjustable-rate mortgages are susceptible.

Negative-slope driveway

A driveway that drops from street level to the garage.

Neo-traditional planning

Planning of a community that favors the return of new-home development with such traditional features as grid-street patterns, prominent front porches, backyard garages, multi-use buildings and housing clustered near commercial service

Net cash flow

Investment property that generates income after expenses such as principal, interest, taxes and insurance are subtracted.

Net worth

The worth of a person or company based on the difference between total assets and liabilities.

New Urbanism

A community design philosophy that favors the return of new-home development with such traditional features as prominent front porches, backyard garages, multi-use buildings and housing clustered near commercial service areas.

Niche

A small recessed area in a wall, traditionally arched at the top.

NIMBY (Not In My Back Yard)

The response sometimes given by neighborhoods and communities to proposed changes or development.

No cash-out refinance

The amount of the new mortgage covers the remaining balance of the first loan, closing costs, any liens and cash no more than 1 percent of the principal on the new loan.

No-competition lots

A lot in which the buyer's home will be constructed by a particular builder.

No-documentation loan

A loan application that does not require verification of income but typically is granted in cases of large down payments.

Non-assumption clause

A loan provision that prohibits the transfer of a mortgage to another borrower without lender approval.

Non-liquid asset

An asset such as a house that is not easily turned into cash.

Non-recurring closing costs

Costs that are one-time only fees for such items as an appraisal, loan points, credit report, title insurance and a home

Note

The legal document that requires a borrower to repay a mortgage at a certain interest rate over a specified period of time.

Note rate

The interest rate specified in a mortgage note.

Notice of default

A lender's initial action when a mortgage payment is late and attempts to reconcile the issue out of court have failed.

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Online real estate listings

Properties listed for sale on the Internet.

Open house

A marketing tool in which a listing agent opens a house for view.

Open listing

A property given to a number of brokers to market at the same time.

Open space

Undeveloped land or common areas in a planned community reserved for parks, walking paths or other natural uses.

Option

A situation in which a buyer puts down money for the right to purchase a piece of real estate within a set time period but does not have an obligation to buy.

Oral agreement

Contractual arrangements that are not in writing and are usually not legally binding.

Original principal balance

The amount of principal owed on a loan before a borrower makes any payments.

Origination fee

A fee charged by most lenders--also called points--for processing a loan. A point is 1 percent of the total loan amount.

Overhang

A protruding structural feature.

Owner financing

A transaction in which the seller of a property agrees to finance all or part of the purchase.

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Panel

A section or division of a wall, ceiling or a flat piece of building material that forms the part of the surface of a wall, door or

Paneling

Strips of wood or wood material applied as a finish to a wall.

Parcel

An officially described piece of land.

Parking strip

The strip of grass between the sidewalk and the street in front of a house.

Partition

An interior wall.

Partition

Any kind of structure dividing one room or space from another.

Partnership

There are several partnership options for unmarried individuals to buy a piece of property, such as live-in partnerships (in which both buyers share the residence) or a shared-equity partnership (in which one buyer lives in the home and the other is an investor in the property).

Passive loss

A tax term that refers to any loss from a passive activity, such as the ownership but not the operation of a piece of rental real

Passive solar system

A system that supplies solar heat without the use of electric fans or pumps.

Patent defect

A visible deficiency in a piece of property, such as a cracked basement slab or a sagging porch.

Patio

An interior courtyard or a paved backyard area.

Payment cap

A legal limit on the amount a monthly payment can increase on an adjustable-rate mortgage.

Percolation test

A test used to determine the ability of soil to accommodate a septic system.

Per-diem interest

Interest charged or accrued daily.

Perennial

Any plant that produces leaves, flowers and seeds from year to year, such as irises or peonies.

Pergola

An arbor with an open roof of rafters supported by posts or columns.

Personal property

Any moveable property in a house such as furniture or appliances.

Pest-control inspection

A common pest-control inspection is a termite inspection, which is required in some states, such as California.

Pier

A rectangular masonry support column.

PITI (Principal, Interest, Taxes, Insurance)

When a buyer applies for a loan, the lender will calculate the principal, interest, taxes and insurance. The figure is designed to represent the borrower's actual monthly mortgage-related expenses.

Planned communities

The concept began in the 19th century and describes any town or neighborhood built with certain guidelines and goals.

Planned-unit development

Residents own the home and the land, and share the use and financial responsibility for common areas.

Plaster

A labor-intensive and more costly wall finish.

Pocket door

A sliding door that retreats into the wall when opened.

Point

Fees charged by lenders at the time a loan is originated. A point is equal to 1 percent of the total loan amount.

Porch

The structure can be a simple covered entrance to a home or a fully enclosed room on the outside of a residence.

Porte cochere

A porch-like roof extending over a driveway.

Portfolio lender

A lender who makes loans with its own funds and keeps the loans on the company's books--in other words, inside the institution's "portfolio"--rather than selling the loan on the secondary market.

Portico

A porch supported by a row of columns.

Possession

When a buyer signs the papers and receives the keys to the house, the buyer officially takes possession.

Power of attorney

A document that authorizes an individual to act on behalf of someone else.

Pre-approval letter

A letter from a lender that informs a seller about the amount of money that a potential buyer can obtain.

Prepaid expenses

The costs for taxes, insurance and assessments paid before the due date.

Prepaid interest

Interest paid before it is due. For example, at the close of a real estate transaction borrowers usually pay for the interest on their loan that falls between the closing period and the first monthly payment.

Prepayment penalty

Lenders can impose a penalty on a borrower who pays a loan off before its expected end date.

Prequalification

Many lenders will prequalify a borrower who is shopping for a loan by completing a preliminary assessment of the buyer's ability to pay for a home.

Pre-sold home

Homes that are sold before they are built.

Pressure relief valve

A safety vent that relieves excess pressure in a water heater.

Price range

The range of how much a buyer is willing to pay for a home.

Primer

The initial coat of paint that is applied before the final topcoat.

Principal

The amount of money that the borrower owes on a mortgage.

Principle of conformity

The idea that a house will more likely appreciate in value if its size, age, condition and style are similar to, or conform to, other houses in the neighborhood.

Principle of progression

An appraisal term which states that real estate of lower value is enhanced by the proximity of higher-end properties.

Principle of regression

An appraisal term which states that the value of higher-end real estate can be brought down by the proximity of too many lower-end properties.

Privacy fence

A structure erected between two pieces of property.

Private mortgage insurance (PMI)

A special type of loan insurance that many lenders require borrowers to purchase if the borrower's down payment is less than 20 percent of the home's purchase price.

Probate sale

A real estate sale triggered by the death of the owner, with proceeds to be divided among heirs or creditors.

Production home

Homes that are mass-produced by one builder in a project.

Programming

A written summation by an architect of a project's design objectives, constraints and criteria.

Project budget

A fiscal outline that includes the construction budget and all costs for land, furniture, equipment, financing, professional services, contingencies and owner-furnished goods and services.

Property line

The official dividing line between properties.

Property report

A disclosure issued by the state when a time-share project is located or sold.

Property tax

Property taxes are calculated at about 1.5 percent of the current market value.

Property tax deduction

The U.S. tax code allows homeowners to deduct the amount they have paid in property taxes.

Property value

The value of a piece of property is based on the price a buyer will pay at a certain time.

Proration

Agreed-upon percentages of certain expenses associated with a piece of property that must be paid by the buyer or the seller at the time of closing.

Punch list

Buyers compile a punch list during the final walk-through detailing items to be fixed before closing.

Purchase agreement

A document which details the purchase price and conditions of the transaction.

Purchase-money mortgage

A mortgage that a borrower obtains to acquire a property.

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Qualifying ratios

Lenders compute qualifying ratios to determine how much a potential buyer can borrow.

Queen Anne style

A Victorian-era style that originated in San Francisco.

Quit-claim deed

A document that releases a party from any interest in a piece of real estate.

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Radon

A ground-generated radioactive gas that seeps into some homes through sump pumps, cracks in the foundation and other inlets. A leading cause of lung cancer, radon is found in mostly the northern half of the country.

Rafter

Rafters form the slope of a pitched roof and are analogous to floor joists.

Rammed-earth construction

An alternative building process in which dirt is compacted into large structural frames to create walls.

Ranch style

Modern ranch-style homes, popularized in the 1950s, were championed by such architectural giants as Frank Lloyd Wright.

Rate lock

When interest rates are volatile, many borrowers want to "lock in" an interest rate and many lenders will oblige, setting a limit on the amount of time the guaranteed interest rate is in effect.

Rate-improvement mortgage

A loan with a clause that entitles a borrower to a one-time cut in the interest rate without going through refinancing.

Real estate

Land and anything permanently affixed to it, including buildings, fences and other items attached to the structure.

Real estate agent

A real estate agent has a state license to represent a buyer or a seller in a real estate transaction in exchange for a commission. Most agents work for real estate brokers.

Real estate attorney

A lawyer who specializes in real estate transactions.

Real estate broker

A real estate agent who is licensed by the state to represent a buyer or seller in a real estate transaction in exchange for a commission. Most brokers also have agents working for them, and are entitled to a portion of their commissions.

Real estate investment trusts (REITs)

The trusts are publicly traded companies that own, develop and operate commercial properties.

Real Estate Settlement Procedures Act (RESPA)

A federal law designed to make sellers and buyers aware of settlement fees and other transaction-related costs. RESPA also outlaws kickbacks in the real estate business.

Real property

Land and any permanent fixtures on it, including buildings, trees and minerals.

Realtist

A designation for an agent or broker who is a member of the National Association of Real Estate Brokers.

Realtor

A designation for an agent or broker who is a member of the National Association of Realtors.

Rescission

The cancellation of a contract by law or consent by the parties involved.

Reconveyance

When a borrower completely pays off the mortgage, the property is reconveyed to them from the lender.

Recorder

A public official responsible for keeping the records of all real estate transactions.

Recording

The filing of a specific document to the appropriate government entity.

Recording fee

A fee charged by real estate agents for conveying the sale of a piece of property into the public record.

Redlining

The practice by a bank or insurance company to deny credit or insurance to people based on ethnic background or

Refinancing

The process of replacing an older loan with a new mortgage that has better terms.

Regulation Z

The federal code issued under the Truth-in-Lending Act which requires that a borrower be advised in writing of all costs associated with the credit portion of a financial transaction.

Rehabilitation mortgage

A mortgage that provides for the costs of repairing and improving a resale home or building.

Relocation benefits

Benefits provided by employers for new workers and can include moving costs, reimbursement for temporary housing and transportation, real estate agent assistance and discounted loans.

Relocation company

A firm that administers all aspects of moving in new employees to the community.

Remaining balance

The amount of unpaid principal on a home loan.

Remaining term

The original loan term minus the number of payments made.

Rent loss insurance

A policy that covers any loss of rent or rental value in the event of fire or other damage that renders the property uninhabitable.

Renter's insurance

A policy that covers the replacement value of possessions.

Repayment plan

When a borrower falls behind in mortgage payments, many lenders will negotiate a repayment plan rather than go to court.

Replacement reserve fund

Money that is set aside from homeowners' assessments to replace common property, such as furniture in a planned development's community room.

Repossession

When a house is repossessed, it is taken back by the lender holding the mortgage.

Resale value

The future value of a piece of property that can be affected by many factors, including the surrounding neighborhood, school scores, and economic and housing market conditions.

Reserve fund

All homeowners associations set aside a certain amount of money for major repairs or improvements.

Restructured loan

A mortgage in which new terms are negotiated.

Return on investment

The amount of profit a property generates.

Reverse mortgage

A special type of loan available to equity-rich, older owners. Repayment is not necessary until the borrower sells the property or moves into a retirement community.

Ridge board

A horizontal board that serves as the apex of the roof structure.

Ridge vent

A vent located along the ridge board of the roof that allows moisture to escape.

Right of first refusal

An agreement by a property owner to give another person the right to buy or rent the property before it goes on the open

Right to rescission

A provision in the federal Truth-in-Lending Act that allows borrowers to cancel certain kinds of loans within three days of

Rough-in

The installation of plumbing, electrical and other mechanical systems.

Rural Housing Service

A U.S. Department of Agriculture program that provides financing to farmers and certain borrowers to purchase rural property when other funds are not available.

R-value

A construction term that refers to the resistance of to heat loss. The higher the R-value, the slower the rate of heat loss.

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Sale-leaseback

A transaction in which the buyer leases back the property to the seller for a specified period of time.

Sales contract

A contract signed by the buyer and seller that details the terms of a home purchase.

Saltbox style

A design that dates to colonial times and takes its name from the shape of saltboxes.

Sanitary sewer

The drain line in a house that carries away food and human wastewater to a municipal sewer system or a septic system.

Sash

One of two windows in a double-hung window.

Schematic designs

Renderings of floor plans and the exterior of a house.

Second mortgage

Another loan placed upon a piece of property.

Secondary mortgage market

A market of packaged home loans that are resold as securities to investors. Major players are Fannie Mae and Freddie Mac.

Secured loan

Any loan backed by collateral.

Security

A piece of property designated as collateral.

Seller broker

A seller broker represents the interest of the seller.

Seller carry-back

An agreement in which the seller provides financing for a home purchase.

Seller take-back

An agreement in which the seller provides financing for a home purchase.

Seller's market

A hot real estate market in which sellers have the advantage and multiple offers are common.

Semi-custom home

The buyer of a semi-custom home is free to make some design changes but not to the home's structural plan.

Septic system

A self-contained sewage treatment system that distributes wastewater to an underground storage area and relies on bacterial action to decompose solid waste matter.

Servicer

A firm that collects mortgage payments and manages borrowers' escrow accounts.

Setback

The minimum distance a house or buildings must be from the lot line.

Settlement statement

A document that details who has paid what to whom.

Shared-appreciation mortgage

A loan that allows a lender or other party to share in the borrower's profits when the home is sold.

Shared-equity transaction

A transaction in which two buyers purchase a property, one as a resident co-owner and the other as an investor co-owner.

Shed ceiling

A shed ceiling pitches upward at one end.

Shed roof

A shed roof pitches up longer on one side than the other.

Shingle style

An alternative style of Victorian homes that evolved in the late 19th century to simplify the complexity of the traditional Victorian

Shingles

Thin, wedge-shaped pieces of wood or flat rectangular pieces of slate, mineral fiber, glass fiber or composition asphalt installed on a roof to prevent water seepage.

Shoe molding

An unobtrusive finish trim between the floor and the baseboard designed to hide any irregularities in the seam between the floor and wall or baseboard.

Sill cock

An exterior threaded faucet connection for garden hoses that provides water outside a home.

Sill plate

A horizontal piece of wood placed on top of the foundation.

Skylight

A window in a roof that allows natural light to illuminate a room.

Slab foundation

A foundation built directly on soil with no basement or crawl space.

Slider window

A window that is composed of two windows, or sashes, that glide open and closed on a metal track.

Soffit

An external area under the overhang of a roof.

Soils test

A test of the subsoil to ensure that foundations can be safely constructed.

Spanish Mission style

A design that is derived from the original missions established by the Spanish in the Southwest.

Special assessment

When a homeowners' association needs or wants extra funds, it levies a special assessment upon the owners.

Special deposit account

Rehabilitation mortgages require a special deposit account from which restoration and remodeling funds included in the loan are disbursed to the appropriate contractors as work is completed.

Specifications

The written requirements for materials, equipment, construction systems and standards.

Speculation home

A home that has been built without a buyer.

Splash block

A slanted block used to divert runoff water from a downspout away from the foundation.

Split-level style

A home that is a ranch-style house stacked to fit on a smaller lot and perhaps to accommodate a garage.

Square footage

The number of square feet of livable space in a home or building.

Standard Metropolitan Statistical Area

Areas designated by the U.S. Office of Management and Budget that contain a city of 50,000 or more.

Standard payment calculation

A calculation that is used to determine the monthly payment necessary to repay the balance of a home loan in equal

Starter home

Homes that fall within the lower price range of a typical first-time buyer.

Steel framing

A construction method used by commercial and residential builders.

Step-rate mortgage

A loan that allows a gradual increase in the interest rate during the first few years of the loan.

Storm sewer

A drain line, which is not connected to the sewer line, removes all other wastewater from a home.

Storm windows

Sets of windows and screens that are installed on older double-hung windows.

Straight purchase

A transaction in which the buyer gives a new-home builder a deposit to begin building and the balance when the sale of the house closes.

Strike plate

The metal part of a lock that is anchored to the doorframe and holds the door closed.

Stucco

A mixture of sand and cement used to cover the exterior surface or interior walls of a home or building.

Studs

The upright pieces of lumber or steel in a wall to which panels, siding, drywall or other coverings are attached.

Subagent

When an agent brings a buyer to a property, they in effect act as a subagent to the listing agent.

Subcontractor

Specialty construction companies hired by the general contractor to perform certain tasks.

Subdivision

The process in which the owner of a large piece of property divides it into smaller parcels.

Sub-flooring

The sheathing, usually made of plywood, placed on top of floor joists and covered by flooring.

Subordinate loan

A second or third mortgage.

Sump pump

A pump that moves water from a basement sump pit.

Survey

A precise measurement of a piece of property by a licensed surveyor.

Sweat equity

The non-cash value put into a piece of property by the owner, such as do-it-yourself home improvements.

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Tap fees

Most companies charge a tap fee for hooking up utilities.

Tax deduction

A tax break given by the government. Mortgage interest, loan points and property taxes can be deducted.

Tax lien

An impediment placed against a property, such as back taxes.

Tax sale

The public sale of a property by the government for nonpayment of taxes.

Tax shelter

A term often applied to real estate investment and refers to various tax advantages.

Tear-down condition

A house that requires the entire interior to be rebuilt.

Teaser rate

An low, short-term rate offered on a mortgage to entice the borrower.

Tenancy by the entirety

When a married couple owns a home, it is usually considered tenancy by the entirety. If the property must be sold to pay the debts of one spouse, both must agree.

Tenants in common

Two or more owners who share interest in a specific property.

Terrace

A terrace can be several things: an unroofed paved area right next to a house; a roofed balcony; a veranda; or a raised bed of earth constructed to enhance a landscape.

The 72-hour clause

When a buyer has a house to sell before they can purchase another home, most sellers insist on a 72-hour clause. In the event of a better offer coming in before the contingency is settled, this clause entitles the seller to give the buyer 72 hours to remove the contingency or lose the house.

Third-party origination

In a third-party origination transaction, the lender has another institution originate all or part of a mortgage.

Timeshare

Ownership that involves the acquisition of a specific period of time, or that percentage of interest, in a vacation home or resort.

Title

The actual legal document conferring ownership of a piece of real estate.

Title company

Firms that ensure that the title to a piece of property is clear and provide title insurance.

Title insurance

A policy issued to lenders and buyers to protect any losses because of a dispute over the ownership of a piece of property.

Title risk

Possible impediments to the transfer of a title from one owner to another.

Title search

A check of public title records to ascertain that the seller is the legal owner and that there are no claims or liens against the

Top producer

A real estate industry term that refers to agents and brokers who sell a high volume of homes.

Top soil

The top layer of soil that is removed when lots are graded in preparation for construction.

Total expense ratio

The percentage of monthly debt obligations relative to gross monthly income.

Townhouse

An attached home that is not a condominium.

Tract home

Another term for a production home, a mass-produced house constructed by one builder in a project.

Trade equity

Other real estate or assets a buyer gives to a seller as part of the down payment.

Trading down

A reference to buyers who purchase a home that is less expensive than their current house.

Trading up

A reference to buyers who purchase a home that is more expensive home than their current house.

Transfer of ownership

Any legal means by which a piece of real estate changes hands.

Transfer tax

An assessment by state or local authorities at the time a piece of property changes hands.

Transom

A small hinged window directly above a door.

Trans-Union

Trans-Union Corp. is one of the "Big Three" credit-reporting bureaus that operate nationwide. Address: 760 Sproul Road, P.O. Box 390, Springfield, PA 19064-0390. Phone: (312) 408-1400.

Tray ceiling

A tray ceiling has edges that slant toward the middle from the walls.

Treasury bills

Securities issued by the Treasury Department that have the full backing of the U.S. government.

Treasury index

An index used to determine interest rate changes for adjustable rate mortgages.

Trellis

A decorative landscape structure made of thin strips of wood or plastic.

Trim work

The finishing of doors, doorways, window frames and floors.

Truss

A prefabricated framework of girders, struts and other items used to support a roof or other load-bearing elements.

Trust account

Special accounts used by brokers and escrow agents to safeguard funds for a buyer or seller.

Trustee

A legally empowered person who holds or controls a piece of property for another person.

Truth-in-Lending Act

A federal law that protects consumers in a variety of ways. One of its key provisions allows a consumer to cancel a home-improvement loan, second mortgage or other loan if the home was pledged as security (except for a first mortgage or first trust deed) until midnight of the third business day after the contract was signed.

Tuck-point

The process of removing old mortar from between bricks and replacing it with new mortar.

Two- to four-family property

A piece of property that is owned by one person but provides housing for up to four households.

Two-step mortgage

An adjustable mortgage with two interest rates, one for the first five or seven years of the loan, and the other for the remainder of the loan term.

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U.S. Department. of Housing and Urban Development (HUD)

A federal agency that oversees the Federal Housing Administration and a variety of housing and community development

Underlayment

A layer of wood between the subfloor and the floor.

Underwriting

The process that lenders go through to evaluate the risks posed by a particular borrower and to set appropriate conditions for

Undisclosed heir

A person who claims the right to a piece of property after the death of an owner without a will.

Undisclosed spouse

An unidentified marital partner who can claim the right to a piece of property.

Unrecorded deed

An unrecorded deed transfers ownership from one party to another without being officially recorded.

Unsecured loan

Any loan that is not backed by collateral.

Upgrades

Options than the standard carpeting, lighting, finish carpentry and other amenities offered to all buyers in a new-home project.

Upzoning

The process in which a property is zoned from a lower to a higher use.

Urban sprawl

The unplanned expansion of development over a large area.

Usury

A reference to illegally excessive interest charged on any loan.

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VA loans

A program that allows most veterans to purchase a house without a down payment.

Variable interest rate

A loan rate that moves up and down based on factors including changes in the rate paid on bank certificates of deposit or Treasury bills.

Variable rate

An interest rate that changes with fluctuations in such indexes as the U.S. Treasury bill index.

Variable rate mortgage

A loan with an interest rate that hinges on factors such as the rate paid on bank certificates and Treasury bills.

Vaulted ceiling

An elongated half-cylinder that arches above the floor.

Verification of deposit

Part of the loan process, in which a lender will ask a borrower's bank to sign a statement verifying the borrower's account balances and history.

Verification of employment

Part of the loan process, in which a lender asks the borrower's employer for confirmation of the borrower's position and

Vestibule

A small entrance hall or room.

Veterans Administration (VA)

The U.S. Department of Veterans Affairs operates a variety of programs to help veterans. One of the key plans it oversees is the VA loan program, which allows most veterans to purchase a house without a down payment.

Victorian style

An architectural style that dates from the mid-19th century.

Vinyl-clad windows

Wood windows sheathed in vinyl on the outside.

Voluntary lien

A lien that a homeowner willingly gives to a lender.

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Wainscoting

Wood paneling, tongue-and-groove boards or similar material installed between a baseboard and a chair rail.

Waiver

A voluntary relinquishing of certain rights or claims.

Walk-out basement

A feature that allows a door to open onto ground level.

Walk-through

A buyer's final inspection of the home to determine if conditions in the purchase agreement have been satisfied.

Warranty

A legally binding promise to do something in the future.

Wetlands

Watery areas such as swamps, marshes and floodplains.

Wild deed

An improperly recorded deed.

Will

The most basic legal document outlining the disposition of a person's estate in the event of death.

Window light

An individual pane of glass.

Window seat

A bench built under an interior window.

Window well

A curved, corrugated steel insert used to isolate basement windows from moisture if they're below the soil line.

Window well covers

Curved plastic covers designed to be installed on top of a window well to cover the opening.

Wraparound mortgage

A loan to a buyer for the remaining balance on a seller's first mortgage and an additional amount requested by the seller. Payments on both loans are made to the lender who holds the wraparound loan.

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Zero-lot lines

Houses built without space between them and with little or no yard.

Zoning

Regulations that control the use of land within a jurisdiction..

Zoning variance

A one-time modification of existing zoning law.

We hope this information has been helpful to you. By the way, if you know of someone who would appreciate our services, please call or e-mail us with their name and number and we will be happy to help them. Or, please feel free to give them our names and phone numbers or e-mail, and they can contact us. Serving Moorpark, Thousand Oaks, Simi Valley, Newbury Park, Camarillo and parts of the San Fernando Valley.

Warmest Regards,

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