

# Real Estate Glossary of Terms

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## - A -

- **Alluvion:** Land gained along the shore of a waterway due to accretion.
- **Alienation:** The transfer of real property from one person to another.

## - B -

- **Bilateral Contract:** A contract involving promise on the part of both parties, as in a purchase agreement.
- **Blockbusting:** Inducing an owner, for profit, to sell or rent residential property by threatening the movement of a minority group into the neighborhood.

## - C -

- **CCIM:** The Certified Commercial Investment Member (CCIM) designation conferred by the Commercial Investment Real Estate Institute (CIREI), is awarded to experts in the disciplines of commercial real estate brokerage, asset management, valuation and investment analysis. The designation is earned by completing the intensive CCIM education program, passing a comprehensive examination and demonstrating a record of accomplishment in the commercial investment of real estate.
- **CIPS:** The Certified International Property Specialist (CIPS) designation is the National Association of Realtors newest designation, awarded to real estate agents who meet international experience and education requirements.
- **CRB:** The Certified Real Estate Broker Manager (CRB) designation is awarded by the Real Estate Brokerage Managers Council to managers who have completed the CRB Management Series and met stringent management experience requirements. The most successful brokerages are owned or managed by professionals having the coveted CRB designation.
- **CRS:** The Certified Residential Specialist (CRS) is a professional designation awarded to experienced agents who complete an advanced course of study in residential real estate and demonstrate proficiency in sales and production. CRS Designees are members of the Residential Sales Council, a not-for-profit affiliate of the NATIONAL ASSOCIATION OF

REALTORS. Only 4% of all REALTORS have attained this prestigious designation.

## - D -

- **Datum:** The spot where the surveyor begins measurement of a specific parcel.
- **Durability:** An economic characteristic of land that considers improvements made to land that are not as durable as the land.

## - E -

- **Easement:** Interest in another's land, as a right of way.
- **Encroachment:** The act of trespassing or intruding upon the domain of another, such as tree branches.

## - F -

- **Finance Charge:** The total cost a borrower must pay, direct or indirectly, to obtain credit according to Regulation Z.

## - G -

- **Graduated Payment Mortgage:** A residential mortgage with monthly payments that start at a low level and increase at a predetermined rate.
- **GRI:** Graduate, Realtors Institute. A professional designation granted to a member of the National Association of Realtors who has successfully completed courses covering Law, Finance and Principles of Real Estate.

## - H -

- **Home Inspection Report:** A qualified inspector's report on a property's overall condition. The report usually includes an evaluation of both the structure and mechanical systems.
- **Home Warranty Plan:** Protection against failure of mechanical systems within the property. Usually includes plumbing, electrical, heating systems and installed appliances.

## - I -

- **Index:** A measure of interest rate changes used to determine changes in an ARM's interest rate over the term of the loan.

## - J -

- **Joint Tenancy:** An equal undivided ownership of property by two or more persons. Upon the death of any owner, the survivors take the decedent's interest in the property.

## - K -

- **Key Lot:** A lot that has one side adjoining the rear of another lot, usually on a corner. Key Lots are valued for their locations.

## - L -

- **Lien:** A legal hold or claim on property as security for a debt or charge.
- **Loan Commitment:** A written promise to make a loan for a specified amount on specified terms.
- **Loan-To-Value Ratio:** The relationship between the amount of the mortgage and the appraised value of the property, expressed as a percentage of the appraised value.

## - M -

- **Margin:** The number of percentage points the lender adds to the index rate to calculate the ARM interest rate at each adjustment.
- **Mortgage Life Insurance:** A type of term life insurance often bought by home buyers. The coverage decreases as the mortgage balance declines. If the borrower dies while the policy is in force, the mortgage debt is automatically covered by insurance proceeds.

## - N -

- **Negative Amortization:** Negative amortization occurs when monthly payments fail to cover the interest cost. The interest that isn't covered is added to the unpaid principal balance, which means that even after several payments you could owe more than you did at the beginning of the loan. Negative amortization can occur when an ARM has a payment cap that results in monthly payments that aren't high enough to cover the interest.

## - O -

- **Origination Fee:** A fee or charge for work involved in evaluation, preparing, and submitting a proposed mortgage loan. The fee is limited to 1 percent for FHA and VA loans.

## - P -

- **PITI:** Principal, Interest, Taxes and Insurance.
- **Planned Unit Development (PUD):** A zoning designation for property developed at the same or slightly greater overall density than conventional development, sometimes with improvements clustered between open, common areas. Uses may be residential, commercial or industrial.
- **Point:** An amount equal to 1 percent of the principal amount of the investment or note. The lender assesses loan discount points at closing to increase the yield on the mortgage to a position competitive with other types of investments.
- **Prepayment Penalty:** A fee charged to a borrower who pays a loan before it is due. Not allowed for FHA or VA loans.
- **Previews Property Specialist:** The designation of Previews Property Specialist is granted to Coldwell Banker professionals who meet prescribed standards of training and experience in the field of luxury real estate. This certification is earned by achieving stringent performance criteria in the marketing and selling of luxury properties and by completing prescribed courses of study through Coldwell Banker and other institutions.
- **Private Mortgage Insurance (PMI):** Insurance written by a private company protecting the lender against loss if the borrower defaults on the mortgage.
- **Purchase Agreement:** A written document in which the purchaser agrees to buy certain real estate and the seller agrees to sell under stated terms and conditions. Also called a sales contract, earnest money contract, or agreement for sale.

## - Q -

- **Quiet Enjoyment:** The right to use property without disruption by the grantor or the landlord.
- **Quorum:** The minimum number of members needed at any official meeting in order to conduct business (usually more than half).

## - R -

- **Realtor:** A REALTOR is an individual licensed as a BROKER to list and sell real estate, one who is also a member of a local Board of REALTORS, the State Association of REALTORS and the National Association of REALTORS. As a member of these three professional trade associations, a REALTOR is bound by a strict Code of Ethics, the canons of professional behavior that guide daily activities in the real estate business.

To obtain a Broker's license, an individual must have a current (active or inactive) salesperson's license, a minimum of 2 years full-time real estate experience and have participated in at least 10 qualifying real estate

transactions with a broker prior to taking and passing the State-required 46-hour broker's pre-licensing course.

- **Realtor Associate:** A REALTOR ASSOCIATE is an individual licensed as a SALESPERSON to list and sell real estate, one who is also a member of a local Board of REALTORS, the State Association of REALTORS and the National Association of REALTORS. As a member of these three professional trade associations, a REALTOR ASSOCIATE is bound by a strict Code of Ethics, the canons of professional behavior that guide daily activities in the real estate business.

To become a licensed real estate professional in in most states, an individual must be 18 years old and either a U.S. citizen or a registered alien by the State exam date, have a reputation for honesty, truthfulness, financial integrity and fair dealing, complete the State-required 40-hour pre-licensing course and pass the State exam.

- **Regulation Z:** The set of rules governing consumer lending issued by the Federal Reserve Board of Governors in accordance with the Consumer Protection Act.

## - S -

- **Section:** Division of land; 640 acres or one square mile.
- **Setback:** The distance that zoning regulations require a structure to be located from the front, rear, and side property lines.
- **Severalty:** Sole ownership by one person.

## - T -

- **Tenancy in Common:** A type of joint ownership of property by two or more persons with no right of survivorship.
- **Title Insurance Policy:** A policy that protects the purchaser, mortgagee or other party against losses.

## - U -

- **Uniform Commercial Code (UCC):** Requires the recording of personal property that is sold for a price in excess of \$500.00 so that the creditor may file a financial statement and reclaim the property if the debtor defaults.
- **Usury:** The act of charging in excess of the legal interest rate.

## - V -

- **VA Loans:** A loan, made by a private lender, that is partially guaranteed by the Veterans Administration.