

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

Abstract of Title - Historical summary of all of the recorded instruments and proceedings that affect title to a property.

Accelerated Cost Recovery System - A tax calculation that provides greater depreciation in the early years of ownership of real estate or personal property.

Acceleration Clause - A loan provision giving the lender the right to declare the entire amount immediately due and payable upon violation of another specific loan provision, commonly referred to as the *Due on Sale Clause*.

Acceptance - A buyers or sellers agreement to enter into a contract and be bound by the terms of the offer.

Accrued Interest - Interest that has been earned but not paid.

Accumulated Depreciation - In accounting, the amount of depreciation expense that has been claimed to date.

Acknowledgment - A declaration by a person who has signed a document that such signature is a voluntary act, made before a duly authorized person.

Acquisition Cost - The price and all fees required to obtain a property.

Acquisition Loan - Money borrowed for the purpose of purchasing a property.

Acre - A two dimensional measure of land equaling 4,840 square yards or 43,560 square feet.

Addendum - Something added as an attachment 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.

Adjoining - Contiguous, attached, and sharing a common border.

Adjustable Rate Mortgage (ARM) - A mortgage loan that allows the interest rate to be changed at specific intervals over the maturity of the loan, based on a monitored 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.

Adjusted Tax Basis - The original cost or other basis of the property, reduced by

depreciation deductions and increased by capital expenditures.

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

Administrator - A person appointed by a court to administer the estate of a deceased person who left no will.

Administrator's Deed - A legal document that an administrator of an estate uses to transfer property.

Adverse Possession - A means of acquiring title to real estate where an occupant has been in actual, open, notorious, exclusive and continuous occupancy of property for the period required by state law.

Affidavit - A written statement, sworn to or affirmed before an officer who is authorized to administer an oath or affirmation.

Agency - The legal relationship between a principal and his agent arising from a contract in which the principal engages the agent to perform certain acts on behalf of the principal.

Agreement for Deed - See Contract for Deed.

Alienation - To convey or transfer title and possession of property.

All Inclusive Trust Deed - This applies to states that use trust deeds instead of mortgages. It is the same as a wraparound mortgage.

Amortized Loan - A loan that is repaid in a series of installments each of which contains a portion that is applied to reduce the principal amount of the loan and a portion that is applied to pay interest with each successive payment allocates a larger portion to principal reduction and a smaller portion to interest payment until the outstanding balance is ultimately reduced to zero.

Annual Cap - Maximum amount the interest rate on an adjustable rate mortgage can be raised or lowered in the course of one twelve month period.

Annual Percentage Rate (APR) - Effective rate of interest rate for a loan per year including fees and points, disclosure of which is required by the Truth-in-Lending Law.

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

Appraised Value - Opinion or estimate of a value of a property, values are determined by one of three methods: comparable sales (residential), replacement cost (insurance), or income approach (commercial).

Appreciation - An increase in the value of a property.

Arrears - Mortgage payment includes interest for prior month, or overdue payments in default.

As-Is - Without guarantees as to condition.

Assessed Value - The value established for property tax purposes.

Assignee - The person who whom an agreement or contract is sold or transferred.

Assignment - The method by which a right or contract is transferred.

Assignor - The person who assigns or transfers an agreement or contract to another.

Assumable Mortgage - An existing mortgage which allows the next purchaser of a property to be liable for the payments and other obligations of the note and mortgage. Depending on the type of loan, the assumption of the obligation by this next purchaser may or may not require a qualification and approval process and may or may not release the original mortgagor (borrower) from further liability. A written release from the mortgagee (lender) is required to relieve the original mortgagor of responsibility.

Attornment - A tenant's formal agreement to be a tenant of a new landlord.

Backup Contract – A contract to buy real estate that becomes effective if a prior contract fails to be consummated.

Balance – See Principal Balance

Balloon Loan – A loan that has level monthly payments that will amortize it over a stated term (e.g. 30 years) but that requires a lump sum payment of the entire principal balance at the end of a shorter term (e.g. 10 years).

Balloon Payment – An installment payment which is larger (most often much larger) than the other scheduled payments. It is usually the last payment. If a note is written for \$50,000 at a fixed 9.0% rate of interest with payments based on an amortization schedule of 30 years and a balloon payment due in 5 years, the first 60 payments will each be \$402.31 (the normal payment for a 30 year loan at 9% interest) and the last payment will be \$47,940.15 which will be the outstanding balance remaining after the 60th payment.

Bankruptcy – The financial inability to pay one's debts when due causes the debtor to seek relief through court action.

Bankruptcy Discharge – The release of a bankrupt party from the obligation to repay debts that were or might have been proved in a bankruptcy proceeding.

Basis Point – One 100th of 1%.

Beneficiary – The person who receives or is to receive the benefits resulting from certain acts.

Bilateral Contract – A contract under which each party promises performance. A promise for a promise.

Bill of Sale – A written instrument given to pass title of personal property.

Bird Dog – Someone who identifies a potential good real estate opportunity and passes the deal on to another investor for a fee.

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

Blanket Mortgage – A single mortgage which attaches to more than one property.

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

Board of Realtors – A local group of real estate licensees who are members of the state and National Association of Realtors ® (NAR).

Bond – A written agreement purchased from a bonding company that guarantees a person will properly carry out a specific act, such as managing funds, showing up in court, providing good title to a piece of real estate or completing a construction project. If the person who purchased the bond fails at his or her task, the bonding company will pay the aggrieved party an amount up to the value of the bond.

Breach of Contract – A violation of the terms of a legal agreement; default.

Bridge Loan – Mortgage financing between the termination of one loan and the beginning of another loan.

Broker – An individual who acts as an intermediary between two or more parties for the purpose of negotiating a transaction agreeable to all of the parties. In lending, the broker arranges and negotiates loan amounts, interest rates and loan terms between borrowers and lenders. Depending on the type of loan, the state wherein the transaction is occurring and contractual arrangements, the broker may represent the borrower, the lender may or may not have a fiduciary responsibility to either.

Building Permit – Permission granted by a local government or agency to build a specific structure at a specific site.

Bundle of Rights – Ownership in real property implies a group of rights, such as the right of occupancy, use and enjoyment, the right to sell in whole or in part, the right to control the use, the right to bequeath, the right to lease any or all of the rights, the right to the benefits derived by occupancy and use of the property.

Buy Down – A payment of discount points in exchange for a lower rate of interest. It has the effect of providing the lender with a greater yield today in exchange for a lower yield in the future.

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

Cancellation Clause - A contract provision that gives the right to terminate the obligations upon the occurrence of specified conditions or events.

Cap - A provision of an adjustable-rate mortgage (ARM) that limits how much the interest rate or loan payments may increase or decrease. In upward rate markets, it protects the borrower from large increases in the interest rate or monthly payment. See lifetime payment cap, lifetime rate cap, periodic payment cap, and periodic rate cap.

Capital - (1) Money used to create income, either as an investment in a business or an income property. (2) The money or property comprising the wealth owned or used by a person or business enterprise. (3) The accumulated wealth of a person or business. (4) The net worth of a business represented by the amount by which its assets exceed liabilities.

Capital Expenditure - The cost of an improvement made to extend the useful life of a property or to add to its value, such as adding a room. The cost of repairing a property is not a capital expenditure. Capital expenditures are appreciated over their useful life; repairs are subtracted from income for the current year.

Capital Improvement - Any structure or component erected as a permanent improvement to real property that adds to its value and useful life.

Capitalization (Cap) Rate - Rate of return used to derive the capital value of an income stream, divide annual income by net operating income.

Carrying Charges - Expenses necessary for holding property, such as taxes and interest on idle property or property under construction.

Cash Flow - The net operating income minus the total of all debt service payments.

Cash Flow Basis - This calculation shows when your monthly payment savings exceed your estimated closing costs and discount points. It does not consider the tax impact or differences in principal balance reduction between your current loan and the refinance suggestions.

Cash Out - Cash given to the borrower from the proceeds of a loan. While relatively common as part of a refinance, it is uncommon, but not impossible, as a benefit of a small percentage of non-conforming loans used for a purchase.

Cash-Out Refinance - A refinance transaction in which the new loan amount exceeds the total of the principal balance of the existing first mortgage and any secondary mortgages or liens, together with closing costs and points for the new loan. This excess is usually given to the borrower in cash and can often be used for debt consolidation, home improvement, or any other purpose. The borrower effectively borrows against the home equity.

Certificate of Eligibility - Issues by the Veterans Administration to those who qualify for a VA loan.

Certificate of Insurance - A document issued by an insurance company to verify the coverage.

Certificate of Occupancy (C.O.) - A document issued by a local government or agency permitting the structure to be occupied by members of the public.

Certified Commercial Investment Member (CCIM) - A designation awarded by the Realtors National Marketing Institute, which is affiliated with the National Association of Realtors.

Certified Residential Broker (CRB) - A designation awarded by the Realtors National Marketing Institute, which is affiliated with the National Association of Realtors.

Certified Residential Specialist (CRS) - A designation awarded by the Realtors National Marketing Institute, which is affiliated with the National Association of Realtors.

Chain of Title - A history of conveyances and encumbrances affecting a title from the time that the original patent was granted or as far back as records are available.

Clear Title - A marketable title, one free of clouds and disputed interests.

Closing - The formal meeting where loan documents are signed and funds disbursed. Note, however, that Federal law requires that funds not be disbursed for three business days on certain loans where personal residences serve as the security.

Closing Costs - The expenses which borrowers incur to complete the loan transaction. These costs may include title searches, title insurance, closing fees, recording fees, processing fees and other charges.

Closing Date - The date on which the seller delivers the deed and the buyer pays for the property.

Closing Statement - An accounting of funds from a real estate transaction, also known as a HUD-1.

Cloud on Title - An outstanding claim or encumbrance that, if valid, would affect or impair the owner's title.

Coinsurance Clause - A provision in a hazard insurance policy stating the minimum amount of coverage that must be maintained - as a percentage of the total value of the property - in order for the insured to collect the full amount of a loss.

Collateral - Property pledged as security for a debt.

Collectors Deed - If the Property has not been redeemed during the one-year redemption period, the holder of the Certificate of Purchase may apply for and receive a Collectors Deed to the property.

Combined Loan-to-Value (CLTV) - The total of all loans relative to the value of the property. If a property has a value of \$100,000 and three loans totaling \$125,000, the CLTV is 125% ($\$125,000 / \$100,000$).

Commitment - The notification that a lender has approved a loan. Virtually all commitments are issued conditionally; that is, subject to some list of conditions that must be satisfied prior to funding actually taking place. Typical conditions include appraisals of a certain value, clean title, verification of representations by the borrower, etc.

Comparable Sales - As part of the appraisal process, those relatively recently sold properties which will be compared to the subject property (the property being appraised) for the purpose of forming an opinion of value for the subject property. The facts and details of the comparable properties will be compared to those of the subject. In an urban setting, to be of credible assistance in this process, comparable sales must have the same use as the subject, have many similarities to the subject in terms of size of house, size of lot, construction, bedroom count, room count, floor plan, amenities, street traffic and be in the same neighborhood and have been sold in the recent past (preferably no more than six months) by way of an "arms length" transaction (i.e., not sold to a relative or friend and not sold due to a forced sale or distress sale) and be within one mile of the subject property. More liberal standards will apply for rural property and some suburban properties but the basic premise holds, the more similar the comparable sales are to the subject property, the more accurate the value assigned to the subject property will be. Lenders will often compensate for the less precise nature of rural appraised values by allowing only lower loan-to-value ratios than those in urban settings, usually 10% lower.

Conditions, Covenants, and Restrictions (CCR's) - Promises written into deeds and other instruments agreeing to performance or nonperformance of certain acts, or requiring or prohibiting certain uses of the property.

Conforming Loan - A loan which has underwriting criteria consistent to (i.e., conforming to) those strict guidelines of Fannie Mae, Freddie Mac, FHA or VA. These are typically the lowest interest rate loans with very good terms. (See definitions of "Fannie Mae", "Freddie Mac", "FHA", "VA" and "underwriting").

Consideration - Anything of value given to induce entering into a contract.

Contiguous - Actually touching, having a common boundary.

Contingency - A condition that must be met before a contract is legally binding. For example, home purchasers often include a contingency that specifies that the contract is not binding until the purchaser obtains a satisfactory home inspection report from a qualified home inspector.

Contract - An agreement between competent parties to do or not do certain things for consideration.

Contract For Deed - A real estate installment selling arrangement whereby the buyer may use, occupy, and enjoy land, but no deed is given by the seller until all or a specified part of the sale price has been paid, same as land contract.

Contractor - One who contracts to provide specific goods or services.

Conventional Loan - A conforming loan with no government guarantee; that is, a Fannie Mae or Freddie Mac loan.

Conversion - Changing property to a different use or form of ownership.

Convey - To deed or transfer title to another.

Cooperative (co-op) - A type of multiple ownership in which the residents of a multi-unit housing complex own shares in the cooperative corporation that owns the property, giving each resident the right to occupy a specific apartment or unit.

Counteroffer - Rejection of an offer with a simultaneous substitute offer.

Creative Financing - Any financing arrangement other than a traditional mortgage from a third party lending institution.

Credit Line - A loan that allows revolving use of the credit; that is, after funds have been borrowed and repaid they may be borrowed again without applying for a new loan. Typically, a credit limit is established and some or all of the available funds can be optionally disbursed at closing. Undisbursed funds are available for the borrowers use at

any time. Payments are required only on the outstanding balance. They are similar in use to a credit card except that they typically use checks to access the funds. They are inexpensive, effective tools for investors.

Dealer - One who holds real property primarily for sale to customers, merchandise is inventory and gain on sale is treated as ordinary income.

Debt Coverage Ratio (DCR) - A ratio used in underwriting loans for income producing property which is created by dividing net operating income by total debt service. Ratios of at least 1.10 are generally required with ratios of 1.20 and higher considered the norm. (See definition of "underwriting" below.).

Debt Ratio (DR, D:I) - Also known as debt to income. The ratio of the total of minimum monthly debt payments to gross monthly income. If minimum monthly payments on a credit card, auto lease, and mortgage (PITI) were \$30, \$220 and \$750 respectively and the gross monthly income was \$3000, the debt ratio would be 33.33% ($\$1000 / \3000). Only debt obligations that will be in place after the loan has funded are considered. Payments for food, utilities, entertainment, medical bills, etc. are not included in the calculation. Contractual obligations for rent (e.g., a lease) would be included in the calculation. The housing ratio in this example would be 25.0% ($\$750 / \3000). The preferred candidate for conventional loans typically would have debt ratios of 28% for housing and 36% for the total with the maximum ratios allowed (on a case by case basis with compensating factors; i.e., some other strong positive to offset the negative of the higher debt ratio) being around 30% / 40% (housing / total). FHA and VA loans allow a total of approximately 41.0%. Non-conforming loans may allow total debt ratios as high as 55% or so. True "hard money" loans seldom consider debt ratios.

Decree - An order issued by one in authority, a court order or decision.

Deed - Written document, properly signed and delivered, that conveys title to real property.

Deed in Lieu of Foreclosure - The act of giving property back to the lender without foreclosure.

Deed of Trust (DOT) - DOT's are similar to mortgages in that they serve as security for a loan by encumbering real estate. However, a mortgage is between two parties (borrower and lender) and a deed of trust involves three parties (borrower, lender and trustee). The trustee holds the property in trust as security for the payment of the debt and can sell the property if the borrower defaults.

Deed Restriction - See Conditions, Covenants, and Restrictions.

Default - Failure to meet all of the commitments and obligations specified in the mortgage or deed of trust. Defaults usually give the lender the right to accelerate payments and start foreclosure.

Defeasance - Clause in mortgage that gives the borrower the right to redeem the property after default by paying the full indebtedness and fees incurred.

Deferred Maintenance - A type of physical depreciation due to lack of normal upkeep.

Deferred Payments - Payments to be made at some future date.

Deficiency Judgment - A court order stating that the borrower still owes money when the security for a loan does not entirely satisfy a defaulted debt.

Density - The intensity of land use.

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

Depreciation Recapture - When real property is sold at a gain and accelerated depreciation has been claimed, the owner may be required to pay tax at ordinary income rates to the extent of the excess accelerated depreciation.

Discount Points - One point equals one percent of the loan amount. Paying points has the effect of giving the lender a higher yield. Two points on a \$100,000 mortgage would cost \$2,000 ($\$100,000 \times 0.02$).

Document Preparation - This fee covers the expenses associated with this process of preparing some of the legal documents that you will be signing at the time of closing, such as the mortgage, note, and truth-in-lending statement.

Down Payment - The portion of the purchase price paid by a buyer to a seller from sources of funds outside of those provided by a lender.

Draw - A periodic advance of funds from a lender.

Due Diligence - The act of carefully reviewing, checking and verifying all of the facts and issues before proceeding. In lending it is, among other things, verification of employment, income and savings; review of the appraisal; credit report; and status of the title.

Due-on-Sale - See Acceleration Clause - reservation of lender's right to call the loan due and payable upon sale of the property.

Earnest Money - A deposit made by a purchaser of real estate to show good faith.

Easement - The right, privilege, or interest that one party has in the land of another.

Easement by Necessity - The right of an owner to cross over another's property for a special necessary purpose.

Easement by Prescription - continued use of another's property for a special purpose can convert to permanent use if certain conditions are met.

Egress - A means of access or exit.

Eminent Domain - The right of the government or a public utility to acquire property for necessary public use by condemnation, but the owner must be fairly compensated.

Employer-Assisted Housing - A special Fannie Mae housing initiative that offers several different ways for employers to work with local lenders to develop plans to assist their employees in purchasing homes.

Encroachment - a building, part of a building, or obstruction that physically intrudes upon, overlaps, or trespasses upon the property of another.

Encumbrance - Any right to or interest in land that affects its value, including mortgage loans, unpaid taxes, easements, junior liens, or deed restrictions.

Equal Credit Opportunity Act (ECOA) - A federal law that requires lenders and other creditors to make credit equally available without discrimination based on race, color, religion, national origin, age, sex, marital status, or receipt of income from public assistance programs.

Equitable Conversion - A legal doctrine in some states in which, under a contract of sale, buyers and sellers are treated as though the closing has taken place in that the seller in possession has an obligation to take care of the property.

Equitable Title - The interest held by one who has agreed to purchase, but has not yet closed the transaction.

Equity - The value of the unencumbered interest in real estate as determined by subtracting the total of the unpaid mortgage balances plus the sum of any current liens against the property from the property's fair market value.

Escheat - The reversion of property to the state in the event that the owner dies without leaving a will and has no legal heirs.

Escrow - An agreement between two or more parties providing that certain instruments or property be placed with a third party for safekeeping, pending the fulfillment or performance of a specified act or condition.

Escrow Account - An account from which funds can be disbursed only for specified reasons; i.e. the money is held in trust for a specific use. In lending, these accounts are most often used to hold and disburse real estate taxes and hazard insurance premiums which have been paid in advance (usually on a monthly basis) by the borrower.

Escrow Analysis - The periodic examination of escrow accounts to determine if current monthly deposits will provide sufficient funds to pay taxes, insurance, and other bills when due.

Escrow Collections - Funds collected by the loan servicer and set aside in an escrow account to pay borrower expenses such as property taxes, mortgage insurance, and hazard homeowners insurance.

Escrow Disbursements - The use of escrow funds to pay real estate taxes, homeowners insurance, mortgage insurance, and other property expenses as they become due.

Escrow Payment - The portion of a borrower's monthly payment that is held by the loan servicer to pay for taxes, hazard homeowners insurance, mortgage insurance, lease payments, and other items as they become due. Known as "impounds" or "reserves" in some states.

Estate - The degree, nature, and extent of interest that a person has in real property.

Estate at Sufferance - The wrongful occupancy of property by a tenant after the lease has expired.

Estate Tax - A tax on the value of property left by the deceased, subject to certain tax rules.

Estoppel - A doctrine of law that stops one from later denying facts which that person once acknowledged were true and others accepted on good faith.

Eviction - Legal proceeding by a lessor (landlord) to recover possession of property.

Exchange - Under Section 1031 of the IRS Tax Code, like-kind property used in a trade or business or held as an investment can be exchanged tax-free, subject to certain conditions.

Exclusive Listing - A written contract that gives a licensed real estate agent the exclusive right to sell a property for a specified time, but reserving the owner's right to sell the property alone without the payment of a commission.

Exculpatory Clause - Provision in a mortgage allowing the borrower to surrender the property to the lender without personal liability.

Facade - The outside front wall of a building.

Face Value - The dollar amount, shown by words and/or numbers on a document.

Fair Credit Reporting Act - A federal law that allows individuals to examine and correct information used by credit reporting services.

Fannie Mae (FNMA) - Federal National Mortgage Association, a federally chartered corporation that purchases mortgages and packages them to sell as securities.

Federal Fair Housing Law - A federal law that forbids discrimination on the basis of race, color, sex, religion, or national origin in the selling or renting of property.

Federal Housing Administration (FHA) - An agency within HUD that administers many loan programs designed to make housing more available.

Fee Agreement - An agreement between a borrower and a broker which normally specifies the relationship between them and the amount of compensation to the broker.

Fee Simple - Absolute ownership of real property.

Fiduciary Responsibility - An obligation to act in the best interest of another party. This type of obligation typically exists when one person places special trust and confidence in another person and that responsibility is accepted.

First Mortgage - That mortgage which is recorded at the earliest time. The time of recording is the sole criteria. Size of loan and type of mortgage are immaterial. When the first mortgage is paid off and released, the second mortgage (if any existed) becomes the first mortgage.

Fixed Payment Mortgage - A loan secured by real property which features a periodic payment of interest and principal which is constant over the term of the loan.

Fixed Rate Mortgage - A mortgage with an interest rate that remains the same through the life of the loan.

Floodplain - A level land area subject to periodic flooding from a contiguous body of water.

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

Foreclosure - The process by which the mortgagor's (borrower's) rights to a property are terminated. While the general process is similar from state to state, the actual procedures tend to vary greatly.

FRBO - For rent by owner.

Freddie Mac (FHMLC) - Federal Home Loan Mortgage Corporation, a federally chartered corporation that purchases mortgages and packages them to sell as securities.

FSBO - For sale by owner.

Fully Amortized Adjustable-Rate Mortgage - A mortgage that amortizes, or pays down, the balance of a loan.

Gable Roof - One with a triangle, with the ridge forming an angle at the top and each eave forming an angle at the bottom.

Gain - An increase in money or property value.

General Contractor - One who constructs a building or other improvement for the owner or developer.

General Lien - a lien that includes all of the property owned by the debtor, rather than a specific property.

General Warranty Deed - A deed in which the grantor agrees to protect the grantee against any other claim to title of the property.

Gentrification - The displacement of lower income residents by higher income residents in a neighborhood.

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.

Grantee - The party to whom title to real property is conveyed.

Grantor - The party who gives the deed.

Gross Debt Service - The amount of money needed to pay principal, interest and taxes, and sometimes energy costs. If the dwelling unit is a condominium, all or a portion of common fees are excluded, depending on what expenses are covered.

Gross Monthly Income - Income before deductions for taxes, social security, saving plans, court ordered child support, etc.

Gross Rent Multiplier - The sales price divided by the gross annual rental rate.
Ground Lease - one that rents the land only.

Habendum Clause - The "to have and to hold" clause that defines the quantity of the estate granted in the deed.

Hard Money Loan - A loan that is underwritten with the condition and value of the property as the primary criteria for approval. Secondary issues may include the credit of the borrower, the ability of the borrower to repay the loan and/or the ability of the borrower to manage the property or successfully complete a rehab and sell the property.

Owner occupancy, debt ratios and other issues are seldom a factor. Appraisals rather than purchase prices are used to determine value. Cash out purchases are often allowed and are another key benefit. These loans are usually approved within days and are often funded in two weeks or under with times as short as two or three days not uncommon. The cost for the benefits of speed of funding, lax underwriting and other advantages is typically a moderately high interest rate (usually low to mid teens) and high points (usually 5 to 10).

Hazard Insurance - Insurance to provide compensation if the improvements are damaged or destroyed. It is almost always a requirement of loans.

Hereditaments - Property, personal and real, capable of being inherited.

Hiatus - A gap between two parcels of land that is not included in the legal description of either property.

Highest and Best Use - The use that is most likely to produce the greatest net return to the land and/or building over a given period.

Holdover Tenant - A tenant who remains in possession of leased property after the expiration of the lease term.

Home Equity Loan - In the most literal sense, this expression applies to virtually all loans (first mortgages and second mortgages, fixed and adjustable interest rates, credit lines and fully amortizing loans, etc.) placed on an owner occupied property when the loan-to-value after the Home Equity Loan closes is no higher than 100%. That is, it is a loan secured by the available equity of an owner occupied residential property.

Homeowner Association (HOA) - An organization of the homeowners in a particular subdivision, planned unit development, or condominium created to enforce deed restrictions and manage common elements of the development.

Homeowners' Warranty - A special insurance policy that covers certain home repairs for a specified amount of time.

Homeowner's Insurance (Hazard Insurance) - Insurance coverage that compensates for physical damage to a property from fire, wind, vandalism, or other hazards. The policy typically combines personal liability insurance and property hazard insurance coverage for a dwelling and its contents.

Homestead - Status provided to a homeowner's principal residence by some state statutes to protect the home against judgments up to specified amounts.

Homestead Exemption - In some jurisdictions a reduction in the assessed value allowed for one's personal residence.

Housing and Urban Development (HUD) - A federal government agency established to implement certain federal housing and community development programs.

Housing Code - Local government ordinance that sets minimum standards of safety and sanitation for existing residential buildings.

Hypothecate - To pledge something as security without having to give up possession of it.

Implied Warranty of Habitability - A legal doctrine that requires landlords to offer and maintain livable premises for their tenants. If a landlord fails to provide habitable housing, tenants in most states may legally withhold rent or take other measures, including hiring someone to fix the problem or moving out.

Incidents of Ownership - Any control over property. If you give away property but keep an incident of ownership--for example, you give away an apartment building but retain the right to receive rent--then legally, no gift has been made. This distinction can be important if you're making large gifts to reduce your eventual estate tax.

Indemnify - To protect another person against loss or damage.

Index - The published cost of money that serves as the minimum basis for determining the interest rate for an adjustable rate mortgage. Among the commonly used indices are the Prime Rate (Prime), the London Interbank Offering Rate (LIBOR), the Cost of Funds (COF) and the 1 year Treasury Bill (1 year T). The particular index is generally, though not always, selected based on how often an interest rate is supposed to adjust. Loans which allow monthly interest rate adjustments commonly use the Prime Rate. Loans that adjust semi-annually may use LIBOR. The 1 year Treasury and the Cost of Funds are often used for loans which adjust on an annual basis. There are other Treasury instruments which are used for 3 and 5 year adjustment periods. The interest rate of the loan is determined by adding a margin to the index. The size of the margin is typically a function of the index used and the credit worthiness of the borrower. Typical margins on a Prime Rate based loan would be 0.0 to 5.0 so that if the Prime Rate were 8.25% and the margin were 2.0 (typical for an "average" borrower), the interest rate would be 10.25% (8.25 + 2.0).

Initial Note Rate - With regard to an adjustable rate mortgage, the note rate upon origination. This rate may differ from the fully indexed note rate.

Installment Sale - When a seller accepts a mortgage for all or part of the sale, tax on the gain is paid as the mortgage principal is collected.

Insurance Binder - A document that states that insurance is temporarily in effect. Because the coverage will expire by a specified date, a permanent policy must be obtained before the expiration date.

Insured Mortgage - a mortgage that is protected by the Federal Housing Administration (FHA) or by private mortgage insurance (PMI). If the borrower defaults on the loan, the insurer must pay the lender the lesser of the loss incurred or the insured amount.

Inter Vivos - During one's life.

Interest Accrual Rate - The percentage rate at which interest accrues on the mortgage. In most cases, it is also the rate used to calculate the monthly payments.

Interest Rate - The percentage of the loan amount charged for borrowing money; i.e., the cost of the money expressed as a percentage.

Interest Rate Buydown Plan - A temporary buydown gives a borrower a reduced monthly payment during the first few years of a home loan and is typically paid for in an initial lump sum made by the seller, lender, or borrower. A permanent buydown is paid the same way but reduces the interest rate over the entire life of a home loan.

Interim Financing - A loan, including a construction loan, used when the property owner is unable or unwilling to arrange permanent financing.

Intestate - Having made no valid will.

Joint and Several Liability - A creditor can demand full repayment from any and all of those who have borrowed, each borrower is liable for the full debt, not just the prorated share.

Joint Tenancy - Ownership of realty by two or more persons, each of whom has an undivided interest.

Joint Venture - An agreement between two or more persons who invest in a single business or property.

Judgment - A decree of a court stating that one individual is indebted to another and fixing the amount of the indebtedness.

Judgment Creditor - One who has received a court decree or judgment for money due from a debtor.

Judgment Lien - The claim upon the property of a debtor resulting from recording a judgment.

Judicial Foreclosure - Having a defaulted debtor's property sold where the court ratifies the price paid.

Jumbo Loan - A loan larger than the maximum allowed by conforming loans. The threshold amount has traditionally been adjusted more or less on an annual basis and has

been in the low \$200,000's. Banks and mortgage brokers can quote the current threshold. They are typically available at interest rates slightly higher than those of conforming loans and typically require the same underwriting standards as conforming loans.

Junior Mortgage - A mortgage whose claim against the property will be satisfied only after prior mortgages have been repaid.

Kicker - A payment required by a mortgage in addition to normal principal and interest.

Lien - A claim on a property of another as security for money owed. Examples of types of liens would include judgments, mechanic's liens, mortgages and unpaid taxes.

Land Contract - See Contract for Deed.

Land Lease - See Ground Lease.

Land Trust - A revocable, living trust primarily used to hold title to real estate for privacy and anonymity. Also known as an Illinois Land Trust or Nominee Trust. The land trustee is a nominal title holder, with the beneficiaries having the exclusive right to direct and control the actions of the trustee.

Landlocked - Condition of a lot that has no access to public thoroughfare except through an adjacent lot.

Lease - A contract in which, for a rent payment, the one entitled to the possession of the real property (lessor) transfers those rights to another (lessee) for a specified period of time.

Lease Option - A lease combined with an option agreement that gives the lessee (tenant) the right to purchase the property under specified conditions.

Lease Purchase - A lease combined with a purchase agreement that obligates the lessee (tenant) to purchase the property under specified conditions.

Leasehold - The interest or estate on which a lessee (tenant) of real estate has a lease.

Leasehold Estate - A way of holding title to a property wherein the mortgagor does not actually own the property but rather has a recorded long-term lease on it.

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

Legal Description - Legally acceptable identification of real estate by government survey, metes and bounds, or recorded plat.

Lessee - A person to whom property is rented under a lease.

Lessor - One who rents property to another under a lease.

Let - To rent a property to a tenant.

Letter of Intent - Written expression of desire to enter into a contract without actually doing so.

Liabilities - a person's debts or financial obligations. Liabilities include long-term and short-term debt, as well as potential losses from legal claims.

Liability Insurance - insurance coverage that offers protection against claims alleging that a property owner's negligence or inappropriate action resulted in bodily injury or property damage to another party. See also homeowners insurance.

Lien Theory State - Texas is a Lien Theory State, where legal title of mortgaged property resides with the mortgagor (borrower), with the mortgage as a lien against the property. Contrast with title theory state.

Life Estate - An interest in property that terminates upon the death of a specified person.

Life Tenant - One who is allowed to use property for life or the lifetime of another designated person.

Lifetime Cap - The highest amount over the initial interest rate that an adjustable mortgage can be raised. Lifetime caps are typically in the range of 5.0% - 7.0%. If the initial interest rate is 5.25% and the lifetime cap is 6.0%, the highest interest rate a borrower could pay during the course of the loan would be 11.25% (5.25% + 6.0%).

Like-Kind Property - Property having the same nature.

Limited Partnership - One in which there is at least one partner who is passive and limits liability to the amount invested and at least one partner whose liability extends beyond monetary investment.

Line Of Credit - An agreement by a lender to extend credit up to a certain amount for a certain time without the need for the borrower to file another application.

Liquidated Damages - An amount agreed upon in a contract that one party will pay the other in the event of a breach of contract.

Liquidity - Ease of converting assets to cash.

Lis Pendens - Latin for "suit pending", recorded notice of the filing of a lawsuit, the outcome of which may affect title to real property.

Listing - Written agreement between a principal and an agent authorizing the agent to perform services for the principal involving the principal's property.

Loan Application (1003) - A loan application that is required for conforming loans. It has become the standard application for most residential loans, even non-conforming loans.

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 amount.

Loan Package - The organized group of documents that contains all of the information required to obtain an underwriting decision of loan approval or loan denial. Depending on the type of loan and the particular lender, a package may contain some or all of the following as well as other documents: loan application, statement of use of funds, statement of net worth, P & L statements, tax returns, pay stubs, statements from various types of banking and investment accounts, property appraisal, letters of explanation, credit report, verification of employment, verification of housing payments, purchase agreement, etc.

Loan-to-Value (LTV) - The ratio of the size of the loan to the value of the property. If the loan is \$80,000 and the value of the property is \$100,000 the LTV is 80% ($\$80,000 / \$100,000$).

Lot and Block - Method of identifying legal description of property, see Legal Description.

Lot Line - A line bounding a lot as described in a property survey.

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.

Management Agreement - A contract between the owner of property and someone who agrees to manage it.

Margin - A constant (fixed) amount over an index that determines a lender's yield on an adjustable rate loan. The interest rate of an adjustable rate loan is determined by adding a margin to an index. The size of the margin is typically a function of the index used and the credit worthiness of the borrower. Typical margins on a Prime Rate based loan would be 0.0 to 5.0 so that if the Prime Rate were 8.25% and the margin were 2.0 (typical for an "average" borrower), the interest rate would be 10.25% ($8.25 + 2.0$).

Marketable Title - A title free from defect.

Master Lease - A controlling lease.

Maturity - The date on which the principal balance of a loan, bond, or other financial instrument becomes due and payable.

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

Mechanic's Lien - A lien given by law upon a building or other improvement upon land as security for the payment of labor and materials furnished for improvement.

Merged Credit Report - A report that draws information from the Big Three credit-reporting companies: Equifax, Experian, and Trans Union Corp.

Minimum Payment - The minimum amount that must be paid monthly on an account. On the HELOC product, the minimum payment is interest only during the draw period. On the Fixed Rate Second products, the minimum payment is principal and interest.

Monthly Mortgage Insurance (MI) Payment - Portion of monthly payment that covers the cost of Private Mortgage Insurance.

Monthly Payment (P&I) - This is the monthly mortgage payment on a home loan, this includes principal and interest, but excludes any amounts that are applied to taxes and insurance.

Monthly Principal & Interest (P&I) Payment - Portion of monthly payment that covers the principal and interest due on the loan.

Monthly Taxes & Insurance (T&I) Payment - Portion of monthly payment that funds the escrow or impound account for taxes and insurance.

Mortgage - A lien against real property given by a borrower to a lender as security for money borrowed.

Mortgage (Open-End) - A mortgage that allows additional money to be borrowed (up to the original loan amount) without refinancing the loan or paying additional financing charges.

Mortgage Balance - see Principal Balance.

Mortgage Insurance Premium (MIP) - The payment made by a borrower of FHA insured mortgages to provide a reserve that protects lenders against losses from very high loan-to-value loans.

Mortgage Loan - A loan which is secured by a mortgage lien filed against real property.

Mortgage-Interest Deduction - The tax write-off that the Internal Revenue Service allows most owners to claim for annual interest payments made on real estate loans.

Mortgagee - The entity to whom the mortgage is given; i.e., the lender.

Mortgagor - The entity who gives the mortgage; i.e., the borrower.

Multi-Dwelling Property - A property that contains individual units for several households but carries only one mortgage.

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 - Some adjustable rate mortgages allow the interest rate to fluctuate independently of a required minimum payment. If a borrower makes the minimum payment it may not cover all of the interest that would normally be due at the current interest rate. In essence, the borrower is deferring the interest payment, which is why this is called "deferred interest." The deferred interest is added to the balance of the loan and the loan balance grows larger instead of smaller, which is called negative amortization.

Negotiation - The process of bargaining that precedes an agreement.

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

Net Operating Income (NOI) - From income producing property, the gross income minus the total of all expenses except for debt service. Cash flow is defined as NOI minus the total of all debt service payments.

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 Income Verification Loan (NIV) - A type of loan generally limited to the self-employed that is underwritten based on the borrower's written representation of their annual income as stated on the loan application. No tax returns, operating statements or other verification of the income is required. Debt ratios are computed based on the stated income. The primary intent of these programs is to allow owners of small businesses to use their actual cash flows rather than the net incomes normally reported in tax filings. Higher interest rates on these products compensate lenders for their higher risks.

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

Non-conforming Loan - A loan not meeting the underwriting requirements of Fannie Mae and Freddie Mac. I.e., the vast majority of loans.

Non-Qualifying - Buyer is not required to qualify through traditional bank financing requirements.

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 inspection.

Note - A written promise to repay a certain sum of money on specified terms.

Note Broker - An individual who acts as an intermediary between a holder of an existing note and a prospective purchaser of the 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.

Obligee - The person in whose favor an obligation is entered into.

Obligor - The person who binds himself or herself to another.

Option - The right to purchase or lease a property upon specified terms within a specified period of time.

Ordinances - municipal rules governing the use of land.

Origination Fee - A fee paid to either a broker or a lender for originating a loan. It may be the only compensation for their work in arranging and/or processing the loan or it may be only a portion of the compensation. Not every loan has an origination fee.

Originator - An individual who works with a borrower to start a loan. Usually an employee of a financial institution, an employee of a broker or an independent contractor affiliated with several brokers, the originator determines the type of loan a borrower probably qualifies for, helps complete an accurate application, and gathers documents necessary to get an approval and acts as an intermediary between the borrower and the underwriter.

Penalty - Money one will pay for breaking a law or violating part or all of the terms of a contract.

PITI - The shorthand way of stating the most usual elements of a residential mortgage payment which may consist not only of the Principal and Interest (PI) but the property taxes (T) and hazard insurance (I) as well. In the case where all four elements are part of the payment, the lender escrows the T and I and pays them on behalf of the borrower when they come due. Some loans are written such that the payment to the lender consists only of the P and I in which case the borrower pays the taxes and insurance directly.

Planned Unit Development (PUD) - A highly designed residential project that features relatively dense clusters of houses, which are usually surrounded by areas of commonly owned open space maintained by a nonprofit community association.

Portfolio Loan - A non-conforming loan that is held by the original lender rather than being sold on the secondary market.

Prepayment Penalty - Fee charged for paying off a loan within a relatively short period of time after the loan has closed, provision is currently found only in non-conforming products, and time period during which it applies is usually one to three years.

Principal Balance - Outstanding dollar amount owed on a loan exclusive of accrued interest

Principal, Interest, Taxes, Insurance (PITI) - monthly payments required by an amortizing loan that includes escrow deposits for taxes and insurance in addition to the principal and interest.

Private Mortgage Insurance (PMI) - Insurance premium paid by a borrower to protect lenders against losses from loans with loan-to-value ratios higher than 80%, default insurance for lenders.

Pro Forma - Refers to the presentation of data, such as a balance of income statement, where certain amounts are hypothetical. For example, a pro forma balance sheet might show a debt issue that has been proposed but has not been consummated.

Probate - The process of establishing the validity of a will before a duly authorized court or person. Once validity is confirmed, the probate court then administers the sale of property as directed by the will or as authorized by the court to settle any financial obligations.

Promissory Note - Promise to pay a specified sum to a specified person under specified terms.

Purchase Money Mortgage - A mortgage which secures a note written on a loan used in the purchase of real estate.

Purchase Subject to Mortgage - A purchase in which a buyer agrees to make the monthly mortgage payments on an existing mortgage and the original borrower remains liable if the purchaser fails to make the payments as agreed.

Purchase-Money Mortgage (PMM) - A mortgage obtained by a borrower as partial payment for a property.

Qualifying Ratio - A ratio calculated by a lender to determine how much a potential buyer can borrow.

Quiet Enjoyment - Right of an owner or any other person legally entitled to possession to the use of the property without interference.

Quiet Title Action - A suit in court to remove a defect or cloud on the title, establishes legal ownership.

Quitclaim Deed – (1) A deed that conveys only the grantor's rights or interest in a property, without stating the nature of the rights or interest and with no warranties of ownership. (2) A deed that transfers without warranty whatever interest or title a grantor may have at the time the conveyance is made.

Rate Cap - The maximum interest rate charge allowed on the monthly payment of an adjustable rate mortgage during an adjustment period.

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

Real Estate Owned (REO) - Property acquired through a lender through foreclosure and held in inventory.

Real Property - The rights to use real estate.

Realtor - Designation given to licensed real estate agents who are members of the National Association of Realtors.

Rescission Period - A federally mandated period of three business days (beginning on the day after a loan closes) during which the borrower may cancel the new loan, waiting period only applies to loans which are to be secured by a mortgage on a personal residence for which the borrower is in title at the time of loan origination, right to cancel does not apply to loans used for the purchase of property.

Recourse - Ability of a lender to make claims against borrower personally in addition to the collateral.

Redemption Period - Period during which a former owner can reclaim foreclosed property.

Refinance - Process of a borrower paying off one loan with the proceeds from another.

Regression - The principle that the value of a better-quality property is adversely affected by the proximity of a lesser-quality property.

Regulation Z - Federal regulation requiring creditors to provide full disclosure of the terms of a loan.

Residential Service Contract - Home warranty or insurance contract, generally for one year, covering plumbing, electrical, and mechanical systems of the home.

Residual - Value or income remaining after deducting an amount necessary to meet fixed obligations.

Reverse Mortgage - A type of mortgage designed for elderly homeowners with substantial equity by which a lender pays a periodic payment to the borrower; the loan balances increase with interest and payments causing negative amortization.

Right of First Refusal - Opportunity of a party to match the terms of a proposed contract before the contract is executed.

Sale Leaseback - Sale of property by seller and simultaneous leasing of the same property by seller.

Sandwich Lease - Lease held by a lessee (tenant) who becomes a lessor (landlord) by subletting to another lessee (subtenant), typically the sandwich leaseholder is neither the owner nor the user of the property.

Seasoning - Loan which has been in force for a period of time thus establishing the borrower's payment history, loans are typically deemed to be seasoned after either six months or one year.

Second Mortgage - Mortgage recorded after another mortgage has already been recorded and not yet released, subordinated lien.

Section 1031 - Section of the Internal Revenue Code dealing with tax-free exchanges of like-kind property.

Section 8 - Privately owned rental dwelling units participating in the low-income rental assistance program created by 1974 amendments to Section 8 of the 1937 Housing Act.

Security Deposit - Cash payment required by landlord to be held during the term of the lease to offset damages incurred due to actions of the tenant.

Seller Financing - Also known as Owner Financing.

Settlement Statement - Also known as Closing Statement or HUD-1.

Short Sale - A sale of a house in which the proceeds fall short of what the owner still owes on the mortgage. Many lenders will agree to accept the proceeds of a short sale and forgive the rest of what is owed on the mortgage when the owner cannot make the

mortgage payments. By accepting a short sale, the lender can avoid a lengthy and costly foreclosure, and the owner is able to pay off the loan for less than what he owes.

Special Warranty Deed - Deed in which the grantor limits the title warranty given to the grantee, does not warrant against title defects arising from conditions that existed before grantor owned the property.

Specific Performance - Legal action in which the court requires a party to a contract to perform the terms of the contract.

Subject To - Buyer takes title to mortgaged real property but is not personally liable for the payment of the amount due, buyer must make payments in order to keep the property.

Subordination - A clause or document that permits a mortgage recorded at a later date to take priority over an existing lien.

Survey - Process by which a parcel of land is measured and its area ascertained.

Tax and Insurance Escrow - Account required by a mortgage lender to fund annual property tax assessments and hazard insurance premiums, funded through monthly contributions by the mortgagor.

Tax Lien - a debt attached to the property for failing to pay taxes.

Teaser Rate - Contract interest rate charged on an adjustable rate mortgage for the initial adjustment interval that is significantly lower than the fully indexed rate at the time.

Terms - Conditions and arrangements specified within a contract.

Title - Evidence of ownership, evidence of lawful possession.

Title Defect - An unresolved claim against the ownership of property, prevents seller from providing buyer clear title to the property.

Title Insurance - An insurance policy that protects the holder from loss sustained by defects in the title.

Title Search - An examination of the public records to determine the ownership and encumbrances affecting real property.

Title Theory State - The system in which the lender has legal title to the mortgaged property and the borrower has equitable title. Texas is not a title theory state. Contrast with lien theory state.

Triple Net Lease - Lease in which the tenant is to pay all operating expenses of the property so that the landlord receives net rent, frequently used to mean tenant pays taxes, insurance, and maintenance in addition to normal operating expenses.

Trust - An arrangement whereby property is transferred to a trusted third party trustee by a grantor/trustor, trustee holds the property for the benefit of the beneficiary.

Trust Deed - Conveyance of real estate to a third party to be held for the benefit of another, commonly used in some states in place of mortgages that conditionally convey title to the lender, same as Deed of Trust.

Trustee - One who holds property in trust for another to secure performance of an obligation, the neutral party in a trust deed transaction.

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 programs.

Underwriting - The act of applying formal guidelines that provide qualitative and quantitative standards for determining whether or not a loan should be approved.

Undivided Interest - An ownership right to use and possession of a property that is shared among co-owners, with no one co-owner having exclusive rights to any portion of the property.

Unencumbered Property - Real estate that is owned free and clear.

Unilateral Contract - An obligation given by one party contingent on the performance of another party, but without obligating the second party to perform.

Unimproved Property - Land that has received no development, construction, or site preparation (raw land).

Unrealized Gain - excess of current market value over cost for an asset that is not sold.

Unrecorded Deed - Instrument that transfers title from one party (grantor) to another party (grantee) without providing public notice of the change in ownership.

Urban Renewal - Process of redeveloping deteriorated sections of the city, often through demolition and new construction, may be privately funded, but most often associated with government renewal programs.

Usufruct - The right to use property--or income from property--that is owned by another.

Usury - Charging a rate of interest greater than that permitted by state law.

Utility Easement - Use of another's property for the purpose of laying gas, water, electric and sewer lines.

V.A. Loan - Home loan guaranteed by the U.S. Veterans Administration under the Servicemen's Readjustment Act of 1944 and later to compensate lender in the event of default.

Valuation - The estimated worth or price. The act of valuation by appraisal.

Variable Interest Rate - Amount of compensation to a lender that is allowed to vary over the maturity of a loan, typically governed by an appropriate index.

Variable Rate Mortgage - Long-term mortgage loan applied to residences, under which the interest rate may be adjusted on a six month basis over the term of the loan, according to certain restrictions.

Vendee - A buyer of real estate.

Vendee's Lien - A lien against property under a contract of sale to secure the deposit paid by the purchaser.

Vendor - A seller of real estate.

Veneer - Wood or brick exterior that covers a less attractive and less expensive surface.

Warehouse Fee - A closing-cost fee representing the lender's cost of holding a borrower's loan temporarily before it is sold on the secondary mortgage market.

Waiver - The voluntary renunciation, abandonment, or surrender of some claim, right or privilege.

Warranty Deed - Deed that contains a covenant that the grantor will protect the grantee against any and all claims; usually contains covenants ensuring good title, freedom from encumbrances, and quiet enjoyment.

Wholesale - To contract a property with the intention of reselling it quickly at a higher price.

Wild Deed - An improperly recorded deed.

Without Recourse - Words used in endorsing a note to denote the note holder is not to look to the debtor personally in the event of nonpayment.

Wraparound Mortgage - Loan arrangement in which an existing loan is retained and an additional loan is made that equals or exceeds the existing loan.

Write of Execution - A court order which authorizes and directs the proper officer of the court (usually the sheriff) to carry into effect the judgment or decree of the court.

Yield - Measurement of the rate of earnings of an investment.

Zero Lot Line - A form of cluster housing development in which individual dwelling units are placed on separately platted lots, but are attached to each other.

Zoning - Legal mechanism for local governments to regulate the use of privately owned real estate to prevent conflicting land uses and promote orderly development.