

# Chattels agreement

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# Severance

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# Surface rights

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# Mineral rights

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# Air rights

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# Annexation

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# Avulsion

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# Trade fixtures

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The transformation from real property to personal property.

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An agreement attached to sales contract that outlines the transfer of personal property between a buyer and a seller.

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Ownership rights to the natural resources (such as mineral, oil or natural gas) located under the surface below the Earth's. Also referred to as subsurface rights.

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The ownership rights of a parcel of land that is limited to the surface of the Earth

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The act of changing personal property to real property; example a property owner uses cement, stones and sand to build a driveway to his house. Also called attachment.

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Ownership rights that applies to space above the Earth.

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Items used for a particular purpose in a business, owned by the tenant and installed for the tenant's use.

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The sudden loss of land that does not result in a change in property boundaries.

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# Reliction

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# Accretion

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# Erosion

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# Situs

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# Doctrine of prior appropriation

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# Riparian rights

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# Non-homogeneity

# Location

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An increase in land resulting from the deposits of flowing water.

An increase in land due to the receding of water from the shoreline

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A term for area preference or location.

The gradual wearing down of land by natural forces such as wind, rain and flowing water.

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Rights concerning properties abutting flowing water, such as streams and rivers.

The position that requires property owners to obtain permits for use of water.

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Economic characteristic of land is considered the most important contributor to its value.

A concept of value suggests that all pieces of property are not identical.

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# Real property

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# Chattels

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# Full bundle of rights

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# Parcel

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# Doctrine of Prior Appropriation

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# Emblements *(fuctus industriales)*

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# *Fructus naturales*

# Improvements

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Items of tangible personal property such as chairs, tables, clothing, and bank accounts.

Land and all man-made structures to the land that are permanently attached, plus the ownership rights.

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A portion of land delineated by boundaries.

The legal rights that attach to the ownership of real property and include the right to sell, lease, encumber, use, enjoy, exclude and convey.

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Annually cultivated crops that can be removed at harvest.

The position that requires property owners to obtain permits for use of water.

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Man-made structures permanently attached to the land.

Naturally growing or planted trees, shrubs and grasses; considered part of real property.

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# Land

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# Littoral rights

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# Personal property

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# Water rights

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# Riparian rights

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# Severance

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# Ponding

# Surface water

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The rights to own and use water found in lakes, streams, rivers, and the ocean that determine where parcel boundaries can be fixed with respect to adjoining bodies of water.

The Earth's surface extending downward to the center of the Earth and upward to infinity.

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The rights to own and use water found in lakes, streams, rivers, and the ocean that determine where parcel boundaries can be fixed with respect to adjoining bodies of water.

Any property that is movable and can be either tangible or intangible.

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The act of changing real property to personal property.

Rights concerning properties abutting flowing water, such as streams and rivers.

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Water with no defined channel. Landowners can be liable for damage caused by diverting the natural flow of surface water.

Depressions where floodwater accumulates.

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# Sheet flooding

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# Floodwater

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# Floodplains

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# Groundwater

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# Wetlands

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# Appurtenances

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# Mineral lease

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Water that overflows a defined channel. In most cases, land owners can dam property against floodwater.

Water run-off down an incline not in a water course.

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Underground, nonflowing water

Level areas bordering waterways that are subject to routine flooding, often subject to government restrictions on development.

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The rights, benefits, and improvements that transfers with real property. Examples of appurtenances include buildings, easement rights, and water rights.

Swampy areas and areas that seasonally are covered with water support a distinct eco system with diverse plant, animal, and bird life that are subject to federal, state, and local controls aimed at preservation.

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A contract between a mineral owner (landowner) and a company in which the landowner grants the company the right to explore, drill, and produce oil, gas, and other minerals for a specified period of time.

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**36**

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**640 acres**

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**Front footage**

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**Gross living area (GLA)**

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**Legal description**

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**Lot and block**

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**Metes-and-bounds**

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**Plat  
(plat map)**

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How many acres are in a section?

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How many sections are in a township?

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The heated and cooled square footage of a structure that is measured using the outside dimensions.

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The expanse of road exposure that a lot offers; typically applies to commercial lots and parcels.

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A type of legal description used for planned residential subdivisions that divides the property into large sections called blocks and smaller, individual areas called lot; denoted on a plat map that is recorded in the public records.

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Typically used in legal documents such as deeds and sales contracts, a written identification that unambiguously identifies and delineates a parcel of land so that only one parcel can meet the description; also used to physically locate the parcel on a map; the three types of legal descriptions are metes-and-bounds, lot and block and rectangular/government survey.

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A scaled drawing of a subdivision that shows the bearings and distances of the property lines and total acreage of the property that is recorded in the public records.

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A type of legal description that describes how to proceed around perimeter of the property starting at a POB using compass directions and the physical features of the land.

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# **POB (point of beginning)**

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# **Rectangular survey system**

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# **Sections**

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# **Townships**

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# **MOL**

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# **Benchmarks**

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# **Datum (datum plane)**

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# **Topographical lines**

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A type of legal description using a grid system composed of horizontal baselines and vertical meridian lines, creating a series of squares; the large squares are called townships, which are divided into thirty-six smaller squares called sections; properly and legally known as the Public Land Survey System but is often referred to as the government survey.

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The location that a metes-and-bounds legal description begins and ends.

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The large squares in the rectangular survey system created by the intersecting lines; each township is six miles wide and six miles deep and contains 36 smaller squares called sections.

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The small squares in a township in the rectangular survey system; each section is one mile wide and one mile deep and contains 640 acres.

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Permanent markers that have been set by the U.S. National Geodetic Survey that indicate elevation above sea level.

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An abbreviation that means “more or less,” which indicates the acreage is not guaranteed to be exact.

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Lines on a map that indicate contour of the land; lines set close together mean the surface has a slope; lines set far apart indicate relatively level land.

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A horizontal plane from which elevation is measured, used by surveyors.

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# Baselines

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# Township lines

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# Tiers

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# Principal meridian lines

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# Range lines

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# Ranges

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The secondary horizontal lines are added six miles apart in a government survey legal description.

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The main horizontal lines that run from east to west in a government survey legal description.

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The main vertical lines that run from north to south in a government survey legal description.

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The “layers” of horizontal spaces between township lines in a government survey legal description.

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The vertical spaces (that stand up like books on a bookshelf) between range lines in a government survey legal description.

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The secondary vertical lines are added six miles apart in a government survey legal description.

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# Abstract of title

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# Acknowledgment

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# Action to quiet title

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# Actual notice

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# Alienation

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# Any exceptions or reservations

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# Bargain and sale deed

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# Chain of title

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Witnessing of the signing of the deed that signifies that the grantor's signature is genuine and a free and voluntary act.

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A summary of everything revealed in the title search that has been recorded at the county courthouse; does not include any interests, conveyances or encumbrances that have not been recorded in the public records.

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The direct or actual knowledge about a property through direct experience or communication such as attending a closing.

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A procedure to remove or fix a cloud (a possible problem) on a title either through a lawsuit or a quitclaim deed.

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Wording in a deed where restrictions or limitations on the property are described.

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The transfer of title between the old and new owner; there are two types of alienation: involuntary alienation and voluntary alienation.

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The official record of ownership of a property that traces the chronological title transfers from the current owner back to the original owner; the "chain" refers to the sequential nature of the ownership record and each previous owner is like a link in a chain.

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A type of deed that indicates that the grantor holds title and possession of the property BUT contains no protection against encumbrances; also known as the "AS IS" deed or a Sheriff's deed.

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# Cloud on title ("clouded title")

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# Constructive notice (legal notice)

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# Convey

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# Conveyance

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# Covenant

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# Covenant against encumbrances

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# Covenant of further assurance

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# Covenant of quiet enjoyment

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Knowledge of a fact that a person could have or should have obtained through reviewing properly recording documents and the physical possession of the property; the law assumes that once a deed has been recorded, the public has received constructive notice.

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Possible problems or issues that would interfere with the transfer of title and would be on concern to any reasonable individual before accepting title.

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The act of transferring title either through a sale, gift or inheritance of real property between individuals using either a deed or with a will.

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To transfer title either through a sale, gift or inheritance of real property between individuals using either a deed or a will.

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A promise in a deed that warrants the title is free from all liens and encumbrances except those specifically stated in the deed.

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A promise to do something in a deed.

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A promise in a deed that guarantees that no third parties will claim ownership of the property in the future.

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A promise in a deed that states the grantor will provide whatever documentation is needed to resolve any third-party claims of ownership.

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# Covenant of seisin

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# Covenant of warranty forever

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# Decedent

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# Deed

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# Deed condition

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# Delivery and Acceptance

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# Descent and distribution

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# Escheat *(pronounced "e-sheet")*

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A promise in a deed that states the grantor is responsible for any losses suffered the grantee may suffer because of faulty title issues.

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A promise in a deed that warrants the owner has full ownership and the legal right to convey the title.

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A legal document used to convey title between the old owner and the new owner while both are still alive and outline provisions for the use of the property.

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A person who has died.

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The act of delivering and accepting the deed by the grantee, the new owner.

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A provision placed in a deed by an individual to control the use of the property that will cause serious consequences if the stipulation is disobeyed by the new owner.

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The action of property going to the state because an individual died intestate and no heirs can be located within the timeframe allowed by law; the primary purpose of escheat is to prevent property from remaining ownerless or abandoned.

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The area of law that pertains to the transfer of real property or personal property of a decedent who dies without a will and the rights and liabilities of heirs, next of kin, and others who are entitled to a share of the property.

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# Gap in chain of title

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# General warranty deed

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# Good consideration

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# Grantee

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# Granting clause

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# Grantor

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# Habendum clause

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# Heir

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A deed that offers the most protection to the grantee and covers the entire lifetime of the property; offers protection to the grantee through the use of five covenants the covenants of seisen, against encumbrances, quiet enjoyment, further assurances and warranty forever.

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A “missing link” in the chain of title that occurs when the public records are not complete (because something wasn’t recorded) and do not accurately reflect all title transfers.

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The individual or entity receiving title to the property; the new owner.

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Emotional compensation that cannot be measured in terms of money, such as love and affection, and is commonly used in deeds when real property is being gifted, not sold, between two individuals.

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The current owner of the property who is conveying the title to someone else; the grantor must sign the deed.

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A clause in a deed that states the grantor is conveying ownership of the property to the grantee; also known as the words of conveyance; includes words that describe exactly what rights the grantee is receiving in the deed and whether the grantee is taking title to the property with another person.

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An individual who is legally entitled to inherit some or all of the estate of another person who dies intestate.

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A clause in a deed that further defines the rights being granted to the grantee; typically contains the words “to have and to hold;” the words in the habendum clause must agree with the words in the granting clause.

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# Instrument

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# Intestate

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# Involuntary alienation

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# Loan policy of title insurance (lender's policy)

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# Marketable title (clear title)

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# Notice ("giving notice")

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# Owner's policy of title insurance

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# Probate

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When an individual dies without leaving will.

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A term for written legal document that outlines a transaction to occur between parties.

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Usually based on the dollar amount of the loan, a type of title insurance policy required on financed properties that only protects the lender's interests in the property should a problem with the title arise until the loan is paid off or refinanced; it does not protect the buyer.

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The transfer of ownership without the owner's consent; examples include descent and distribution, escheat, foreclosure, eminent domain and adverse possession.

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The act of placing a legal document into the public records; a way to ensure that an individual's interest in particular piece of real estate is made known to the public. The types of documents that are recorded are ones that could affect the title such as a deed, mortgage, deed of trust, easement, judgment, lien, foreclosure, or request for notice of default.

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A title that is free of any issues that would prevent it from being conveyed to a new owner.

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The judicial process whereby a will is "proved" in a court of law and accepted as a valid public document that is the true last testament of the deceased, or whereby the estate is settled according to the laws of descent and distribution if an individual dies intestate.

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A type of title insurance policy that ensures the buyer's ownership rights to the property as long as he owns the property.

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# Quitclaim deed

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# Recordation

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# Special warranty deed

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# Statement of consideration

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# Testate

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# Title

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# Title insurance

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# Title search

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The act of putting legal document into the official records in the county where the real estate is located.

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A type of deed that carries no covenants or warranties against encumbrances; primarily used to relinquish any and all possible ownership interest that an individual may have in a property.

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Wording in a deed that signifies that something of value, either monetary value or emotional value, is being exchanged for the title; there are two types of consideration valuable consideration and good consideration.

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A deed that indicates that the grantor holds title and possession of the property and that the property was not encumbered during the time the grantor owned it; provides the most protection to the seller.

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Actual ownership of real property; sometimes interchanged with the term legal title.

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When an individual dies leaving a will.

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An examination of public records to determine and confirm a property's legal ownership and to reveal any claims on the property.

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An insurance policy offered by the title company to protect the new owner's interest in a property against legal defects or losses caused by title issues

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# Valuable consideration

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# Voluntary alienation

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# Will

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# Attorney title opinion

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# Torrens system

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# Devise

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# Bequest

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# Executor

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The transfer of ownership by the owner by on his own free will via a gift, a sale or an inheritance.

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Financial compensation or a promise of something that can be measured in terms of money.

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A written report from an attorney explaining the state of ownership of a certain piece of property based upon the attorney's review of the title search.

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A legal document that coordinates the distribution of an individual's assets after death and can appoint guardians for minor children.

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Real property distributed by a will

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The method for registering title that was established in Australia in South Australia in the 1850s.

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A personal representative selected to administer and dispose of the estate as dictated by the decedent's will.

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Personal property distributed by will.

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# ***Ad valorem* tax lien**

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# ***Ad valorem* taxes**

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# **Commercial easement in gross**

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# **Dominant tenement**

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# **Easement appurtenant**

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# **Easement by prescription/ Adverse possession**

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# **Easement in gross**

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# **Easement**

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Proper name for real property taxes; as valorem is Latin for “according to value,” because the taxes are charged according to the value of the property.

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A lien placed on the property because the annual property taxes were not paid.

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In an easement appurtenant the property whose need to reach the road is “dominating” over the other property.

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A type of easement that involves only one property and its owner and a business (such as a utility company) or a government agency.

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A legal doctrine that allows a person to claim ownership of property owned by another as long as the claim meets the requirements set forth by state law.

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A type of easement that involves two properties with different owners and allows one property owner the use of his neighbor’s property for a specific purpose; the two properties are called the dominant tenement and the servient tenement; the easement appurtenant is attached to the servient tenement and it “runs with the land.”

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A legal right to use another’s land for a specific and limited purpose; there are two types, easement in gross and easement appurtenant.

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A type of easement that involves only one property and its owner and a non-owner that allows the non-owner to access the owner’s property for their benefit; the easement belongs to the person or company benefiting from the easement; there are two types of easements in gross commercial easement in gross and personal easement in gross.

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# Encroachment

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# Encumbrances

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# IRS tax lien

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# License

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# Lien

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# *Lis pendens*

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# Mechanic's lien

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# Mortgage lien

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Any issues either tangible or intangible that can affect or prevent the transfer of title of a property or how the property can be used; examples of encumbrances include liens, easements, and overdue property taxes.

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A physical thing that is crossing over a property line without permission; it can be hanging over or tunneling under the property line.

Oral permission from the property owner to make use of the property.

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A lien placed by the IRS on a property for failure to pay federal income taxes.

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Latin for “a suit pending,” a written notice that a lawsuit has been filed which concerns the title to real property or some interest in that real property that gives notice to the property owner that there is a claim on the property and informs the general public that there is this potential claim against it.

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An official charge against property as security for the payment of a debt or an obligation owed for services rendered; a type of financial encumbrance that ties the performance of paying a debt to ownership of a specific property.

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A loan from a bank or mortgage used to finance the purchase of a real property, usually a house.

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A legal claim typically used by contractors or suppliers to collect money owed for unpaid completed work that is placed on the property where the work was done; in real estate, a mechanic is a contractor such as a plumber, electrician, roofer, etc., not a person that works on a car.

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# Personal easements in gross

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# Pre-existing lease

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# Servient tenement

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# Special assessment tax lien

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# Special assessment tax

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# *Writ* of attachment

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# Nuisance

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# Abatement action

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A lease that was legally in place before the property was sold.

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A type of easement that involves only one property and its owner and another individual.

A lien placed on the property because special assessment taxes were not paid.

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In an easement appurtenant the property that is being used or burdened by the easement because it “serves a purpose.”

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A judge’s order to seize the property of the defendant in anticipation of a favorable ruling.

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A short-term tax used to fund special projects by the government such as adding sidewalks or streetlights and applies only to properties which will directly benefit from the project to be funded.

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An action brought by another property owner in an effort to remove a nuisance.

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A situation that occurs when a person uses their property in such a manner that it unreasonably interferes with the reasonable use or enjoyment of others’ property; considered to be a trespass to the senses.

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# Ingress

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# Egress

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# Affirmative easement

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# Negative easement

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# Implied easement

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## A right-of-way to exit property

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## A right-of-way to enter property

The right to prohibit an owner from a certain use, meaning a way to describe an easement that prevents something from happening.

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The right to use the land of another for some stated purpose that allows something to happen.

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A type of easement that is created by intent of the parties.

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# Common interest ownership properties

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# Community property

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# Concurrent ownership (Co-ownership)

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# Condition subsequent estate

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# Condominium (“condo”)

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# Condominium fees (“condo fees”)

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# Declaration of restrictions

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# Deed condition

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A type of joint ownership of assets between married couples in which all assets purchased and debts acquired by a couple during their marriage are owned equally by both regardless of how the asset is titled; currently used in Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wisconsin

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A form of ownership in which an individual purchases or leases an individual unit or interests and has an undivided interest or membership in a portion of the common area of the development; this type of ownership includes condominiums, stock co-operatives and timeshares.

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An estate in which deed conditions and restrictions in the deed states a specific use of the property is prohibited; “can’t do” estate; example alcohol can’t ever be sold on the premises.

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Ownership of real property in which there is simultaneous ownership by two or more people; there are four forms of concurrent ownership: joint tenancy, tenancy by the entirety, community property and tenancy in common.

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Fees paid by all condominium owners to the condominium association for the cost of the upkeep and any repairs to the exterior structure such as the roof, parking lots, landscaping and balconies.

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A particular type of ownership that combines ownership of an individual unit in a multi-unit building and co-ownership of the common areas as tenants in common, not a particular type of building.

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A provision placed in a deed by an individual to control the use of a single property that will cause serious consequences if the stipulation is disobeyed by the new owner.

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The list of CC&Rs gathered in a separate document that is recorded along with the subdivision plat; once recorded, the CC&Rs can now be enforced and are legally binding.

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# Dower & Curtesy

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# Equitable distribution states

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# Estate at sufferance

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# Estate at will

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# Estate for years

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# Estate

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# Fee simple absolute estate

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# Fee simple defeasible estate

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States in which marital property and debts are divided in a manner that seems equitable or fair to the judge or by agreement between spouses.

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A type of legal life estate used in separate property states to provide for the surviving spouse when one spouse dies; after the death of the spouse that owned everything in his or her name, the non-owning spouse has a lifetime right to a one-half or one-third interest in the real estate;  
dower = wife; curtesy = husband

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A lease that is in effect at the landlord's will and at the lessee's will and has no defined ending date and does not automatically renew, but usually outlines steps that landlord or lessee must take to terminate the lease.

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When lease expires and the tenant does not move out as scheduled, the property now suffers from an unexpected occupation.

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The degree, quantity, nature, and extent of legal ownership interest that an individual has in real property, not the physical quantity of land; can be divided into two major types freehold estates and leasehold estates.

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A lease with a defined beginning date and ending date; the length of time can be any set amount of time.

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An estate in which there are deed conditions and restrictions in the deed that place limitations on how the property can be used; "strings attached" ownership; there are the two types of fee simple defeasible estates condition subsequent estate and fee simple determinable estate.

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The highest form of ownership one can hold because the owner has complete ownership, may convey the property as he sees fit and there are no deed conditions or restrictions in the deed that limit how the property can be used; "no strings attached" ownership.

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# Fee simple determinable estate

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# Fee simple estates

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# Freehold estates

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# Homestead

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# Involuntary life estates

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# Involuntary partition

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# Joint tenancy

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# Leasehold estates (or non-freehold estates)

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Types of ownership situations where the property can be freely conveyed to a new owner as the original owner sees fit; fee simple estates are considered to have no time limit of ownership since the owner is in control of when he or she wants to convey it; also referred to as estates of inheritance because they can be passed down the heirs; divided into two categories fee simple absolute estates and fee simple defeasible estates

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An estate in which deed conditions and restrictions in the deed states a specific use of the property must be followed; “must do!” estate; example property must be used for a park.

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A type of legal life estate that is created in order to protect a family’s primary residence from seizure and forced sale to pay off unsecured debts so long as the property has been established as a primary residence.

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Estates which represent actual ownership of real property as the result of a purchase, receiving the property as a gift or inheriting the property from another; a deed is always involved in the transfer of a freehold estate of any type; freehold estates are divided into two major categories fee simple estates and life estates.

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A situation in which all owners involved cannot agree how to dissolve joint tenancy ownership and a judge must decide how the property will be handled.

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Ownership situations of estates that are triggered by certain events (most often death of a spouse) that were originally created as a requirement of law for married couples; also referred to as legal life estate or statutory life estates. (“statutory” means required by law); there are two types of involuntary life estates: dower & curtesy and homestead.

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Estates that are not actual ownership of real property, means that the property is being leased or rented; a deed is not used in a leasehold estate, but a lease contract is required.

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Ownership of property by two or more individuals in equal shares with right of survivorship; must abide by unity of possession, time, interest, and title.

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# Life estate in remainder

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# Life estate in reversion

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# Life estates

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# Life tenant

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# Ordinary life estate

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# Ownership in severalty

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# Partition action

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# Party wall

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A type of voluntary life estate in which a grantor (original owner) conveys property to a grantee (life tenant) and after the death of the life tenant, the property will transfer back the grantor or his heirs.

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A type of voluntary life estate in which a grantor (original owner) conveys property to a grantee (life tenant) and after the death of the life tenant, the property will pass along to an unrelated third party called a remainderman.

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The person that receives a voluntary life estate from the original owner and may enjoy the property for as long as they are alive but may not sell the property or include it their will.

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Types of non-inheritable ownership situations of estates in which it has already been predetermined, either by law or by design, what is going to happen to the property either after the grantor (original owner) or the grantee (new owner) dies; there are two basic types of life estates: voluntary/conventional life estates and involuntary life estates.

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Ownership of real property by only one individual or entity, meaning there is one owner only; considered to be the most complete type of ownership.

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The basic version of a voluntary life estate that involves a grantor (original owner) conveying property to a grantee (life tenant), but also determining who will receive the property after the grantee dies; there are two types, life estate in reversion and life estate in remainder.

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A shared wall that separates the individual housing units in multi-unit housing buildings.

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A type of lawsuit pertaining to joint owners of real property when two or more owners cannot agree on what to do with the property in question; example this would happen during a divorce when a couple cannot agree on how to divide ownership of real property.

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# Proprietary lease

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# *Pur autre vie* life estate

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# Remainderman

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# Right of survivorship

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# Separate property states

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# Stock cooperative ("co-op")

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# Tenancy by the entirety

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# Tenancy in common

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A voluntary life estate that is granted to an individual other than the actual life tenant. This person is considered the grantee and their role is to manage the property on behalf of the life tenant. After the life tenant dies, the estate passes to an heir or unrelated third party and the grantee's role of managing the property is finished.

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A written agreement between the co-op board of directors and the shareholder (tenant) that gives a shareholder in a housing cooperative the right to occupy a particular dwelling unit.

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The concept that if two or more individuals own real property together, when one of the owners dies, the surviving owners will receive an equal share of the decedent's interest in the property free from probate.

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The individual that receives an estate after the death of a life tenant in a life estate in remainder.

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A form of concurrent ownership in which an individual buys stock in a company that owns a residential building (thus becoming a stockholder) in exchange for a proprietary lease of one of the units; co-ops contain multiple units of housing, are governed by bylaws and operated by elected officers and directors.

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States in which any property, real or personal, acquired by the individual before marriage remains the property of that person after the marriage ends.

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A form of co-ownership without the right of survivorship in which owners may freely convey their interest to other individuals and may leave their shares in a will; considered the most common type of ownership.

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A type of co-ownership that uses all of the criteria of joint tenancy in addition to the added requirement of marriage; husband and wife are treated as a single entity and when one dies, the other automatically is given full ownership of all assets; must abide by unity of possession, time, interest, title and marriage and right of survivorship.

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# Tenancy

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# Tenant

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# Timeshare

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# Voluntary life estate

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# Voluntary partition

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# Deed restrictions or CC&Rs

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# Sole proprietorship Partnership

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# Limited Partnership Corporation

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A term that commonly is used to mean “renter,” but it actually means anyone who has the right to live in a particular place, either because he signed a lease, because he owns the land, or because government gave him a title to it.

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The act of living somewhere, especially in a house, building, or apartment.

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A type of estate that is established when an individual deeds a property to a life tenant and further decides who will inherit the property after the death of the life tenant.

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Ownership of an interval of time that allows an individual the right to occupy a property for that particular time, not ownership of real property itself.

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Limitations placed on one property by one individual, deed restrictions are created by the developers of planned residential, commercial, or industrial developments during the planning stage and are intended to place limitations on the use of the entire complex.

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A situation in which all owners agree to dissolve the joint tenancy ownership.

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An agreement of two or more co-owners to conduct a business for profit; two main types: general and limited.

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The simplest business form under which one can operate a business that is not a legal entity.

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# **“C” Corporation**

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# **“S” Corporation**

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# **Limited liability corporation (LLC)**

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# **Joint venture**

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# **Franchise**

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# **Syndicate**

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# **Real estate investment trust (REIT)**

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# **Real property securities**

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The standard corporation type that pays taxes on its profits separately on a corporate level (usually 40%) from its owners.

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A corporation that has elected a special tax status with the IRS and no income tax is paid at the corporate level. The profits/losses of the business are instead “passed-through” the business on to the owners’ personal tax returns and any tax due is paid at the individual level (usually 25%) by the owners.

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An association formed for a single undertaking with members sharing in profit or loss.

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A legal form of a company that shares characteristics with corporations and partnerships. It is not technically a corporation but does provide limited liability protection to its owners similar a corporation.

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A group of two or more people organized to create an investment that are subject to state regulations.

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An independent business that is licensed to use a designated trade name and to use a common marketing and operating plan. Many real estate offices are franchises.

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A contract offered by a real estate investment company that provides a way to profit from a real estate property without having to buy the whole property.

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A company that owns and typically operates income-producing real estate or related assets, allowing individuals to invest in large-scale, income-producing real estate by purchasing real property securities.

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# Blind pools

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# Living trust

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A legal arrangement established by an individual (the grantor) during their lifetime to protect their assets and direct their distribution after the grantor's death.

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A situation in which investors put up money for an investment not yet determined and is illegal in some states.

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# Assessed value

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# Assessment rate

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# Assessments

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# Buffer zone

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# Building codes

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# Building permit

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# Certificate of occupancy

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# Condemnation

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The percentage used by a state to determine the assessed value of a property.

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A determination of value of real property for tax purposes computed by multiplying the current market value by a break that is set by the state.

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A land area that separates one land use from another to serve as a protective barrier, such as a park that separates a residential neighborhood from a shopping center.

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Special payments made by condominium owners to pay for large, unexpected expenses beyond ordinary upkeep expenses such as a new roof, paving a parking lot or to repair damages caused by the weather.

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A permit required for the creation of new construction, adding onto pre-existing structures, and in some cases for major renovations; also referred to as a construction permit.

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A set of laws enacted by state, county and city governments to determine the required design and construction standards for building construction (such as electrical, plumbing and framing) to protect the public health and safety of the public that are enforced by the building permit process.

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The act of taking property via eminent domain.

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A document issued by a local government agency or building department certifying a building's compliance with applicable building codes and other laws which indicates the structure is suitable for occupancy; must be obtained before the building can be occupied.

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# Conditional use permit (special use zoning)

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# Conditions, covenants and restrictions (CC&Rs)

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# Eminent domain

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# Homeowners' association (HOA)

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# Laches

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# Master plan

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# Municipality

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# Non-conforming use permit ("grandfather clause")

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Restrictions created by the developers of planned residential, commercial, or industrial developments during the planning stage intended to place limitations on the use of the complex to protect, preserve, and enhance property values in the community.

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A permit for permission to use a property in a manner that has already been predefined as an allowable use in that zone.

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The governing body of a subdivision, planned community or condominium that is responsible for enforcing the rules of the CC&Rs headed by a board of volunteers who are usually members of the community.

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The government's power to take private land for public use under certain circumstances through due process proceedings, which are often referred to as condemnation proceedings.

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A collection of long-term usage strategies and growth policies for a city or town to control and accommodate social and economic growth put into effect by ordinances controlling zoning, regulation of subdivision developments, street plans, plans for public facilities, and building regulations; also referred to as a land use plan or comprehensive plan.

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The loss of a right to enforce the CC&Rs because owners in a subdivision allowed a violation to continue for a sufficient length of time.

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A permit required in situations where a usage that was originally allowed under the old zoning regulations is no longer allowed because the zoning has changed; when the permit is granted, the usage is "grandfathered" in and may continue as long as the building exists.

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A city or town that has corporate status and local government.

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# Police power

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# *Ad valorem* taxes

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# Setback line

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# Setbacks

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# Wetlands

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# Variance (zoning variation)

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# Zoning

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# Spot zoning

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Proper name for property taxes; *ad valorem* is Latin for “according to value,” because the taxes are charged according to the value of the property.

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The power of a county and local governments to create and impose land use restrictions (meaning zoning, zoning permits, building codes, business permits, etc.) on private property owned by private citizens for the sake of public welfare, health, order, and security.

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The amount of space local zoning regulations require between the property line and any improvements.

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The boundary line that delineates the setback area.

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A permit that allows an activity, event or project that deviates from the current zoning limitations.

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Areas of land that are either permanently or seasonally saturated with water, typically having characteristics of a distinct ecosystem; examples include swamps, marshes, and bogs.

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The act of placing of a small area of land in a different zone from that of neighboring property for the benefit of the property owner.

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The process of dividing land in a municipality into separate area or zones (such as residential, commercial, industrial, etc.) in which certain activities are permitted or prohibited in order to protect the health, safety and welfare of the community; considered to be a technique of land-use planning used by county and local governments.

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# Density zoning

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# Cluster zoning

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# Downzoning

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# Upzoning

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# Buffer zone

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# Planned Unit Development (PUD)

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# Conservation zoning

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# Aesthetic zoning

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Zoning that allows concentrated grouping of residences but alleviates density with green or open areas.

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Ordinances that restrict the average maximum number of houses per acre that may be built in a geographic area.

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Rezoning to a less restrictive use such as from single-family use to multifamily use.

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The act of rezoning a tract of land for a less intensive use than the existing or permitted use.

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A community with a planned mix of zoning such as residential, commercial (retail) and recreation in one comprehensive plan.

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A land area that separates one land use from another, such as a park that separates a residential neighborhood from a shopping center.

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Zoning as to architectural style so structures fit in with the neighborhood. The size and color of signs can also be regulated.

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Open zoning that excludes development to keep an area in a natural or agricultural state.

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# Affirmative duty

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# Asbestos

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# Brownfields

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# Cellulose

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# Clean Air Act

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# Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA)

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# Environmental hazard

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# Environmental Protection Agency (EPA)

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A naturally occurring fibrous, cancer-causing material that was a popular building material from the 1950s to 1990s because of its very strong fire-resistance, strength, and resistance to chemical erosion.

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An obligation to act in a certain way, recognizing the significant of a situation and taking action to alert others of the importance of the situation.

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A plant-based substance commonly found in building materials such as dry wall.

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An abandoned, idled, or underused industrial or commercial site targeted for redevelopment that is burdened by real or potential environmental contamination from past use.

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A federal act passed in 1980 designed to ensure that the parties responsible for polluting a site with toxic wastes and other contaminants would be held responsible for its cleanup.

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A federal law passed in 1990 designed to control air pollution at a national level, administered by the Environmental Protection Agency (EPA).

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A federal agency whose mission is to protect human and environmental health and is responsible for creating standards and laws promoting the health of individuals and the environment.

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A substance, state or event which has the potential to threaten the surrounding natural environment and/or adversely affect an individual's health and encompasses risks such as pollution, natural disasters and human-made hazards.

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# Environmental Site Assessment (ESA)

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# Flood Control Act (FCA)

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## Flood zones

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## Floodplain

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## Floodplain zoning

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## Hazardous Substances Response Fund (Superfund)

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## home inspection

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## Landfill

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Multiple laws with the primary goal of these acts is to require local communities to plan and prepare flood emergency responses, to discourage building in flood plains, and repair dams and levees.

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A report that identifies potential or existing environmental contamination liabilities of a commercial or industrial property that consists of three phases (Phase I ESA, Phase II ESA and Phase III ESA) that are implemented as needed.

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A flat area along a waterway subject to flooding.

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Geographic areas that the FEMA has identified that experiences varying levels of flood risk.

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A fund created by CERCLA to pay for cleaning up hazardous waste sites that is funded by taxes on petroleum and chemical companies, and by Congressional appropriation.

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The procedure used identify areas of varying flood hazard.

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A place to dispose of refuse and other waste material by burying it and covering it over with soil, especially as a method of filling in or extending usable land.

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An objective visual examination of the physical structure and systems of a house, from the roof to the foundation.

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# Latent defect

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# Lead

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# Lead-based paint

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# Lead-based paint disclosure form

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# Material fact

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# Megan's Law

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# Mold

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# National Flood Insurance Program (NFIP)

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A naturally occurring element found in small amounts in the earth's crust that can be toxic to humans and animals and was a main ingredient in house paint prior to 1978.

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A hidden defect which could not be uncovered during a routine inspection process. A good way to remember this is that the defect is discovered "late" because it is hidden.

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A federal disclosure form required for all properties built prior to 1978 that indicates the parties' acknowledgement of the possible existence of lead-based paint in the property; must be signed by the seller, buyer and real estate agent.

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A type of house paint used in housing built before 1978 that contained lead; use of lead-based paint was banned in 1978.

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An informal name for various federal and state laws that provide for the registration of sex offenders and for the making available to the public information regarding the location of these offenders.

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Information that, if known, would be significant enough to influence an individual's decision; think of it as the "if I had only known that" fact.

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A program created by Congress and housed within FEMA to provide flood insurance protection for homeowners.

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A common type of fungus that thrives in moist, warm conditions that plays an important role in nature by breaking down dead leaves, plants, and trees.

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# Patent defect

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# Radon

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# Residential Lead-based Paint Hazard Reduction Act

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# Seller property condition disclosure form

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# Small Business Liability Relief and Revitalization Act (Brownfields Law)

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# Stigmatized property

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# Toxic black mold (*stachybotrys chartarum*)

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# Underground Storage Tanks (USTs)

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A cancer-causing radioactive, colorless, odorless, tasteless, toxic gas that is produced by the natural decay of uranium in soil.

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An obvious defect or fault in a structure that is discoverable by a reasonably thorough inspection by a property inspector or reasonable examination by the buyer.

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A multi-page form that the seller completes without the help of the licensee in which he details all physical problems and defects of the property that are known, or that upon reasonable inspection should be known, to the best of his knowledge.

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A federal law passed in 2002 requiring a seller or landlord to notify a potential buyer or tenant in writing about the possible presence of lead-based paint in home built prior to 1978.

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A property with a bad reputation because of its history, not because of any known physical defect.

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An act passed in 2002 to provide funds to assess and cleanup brownfields and to remove liability for cleanup from owners who did not contribute to the contamination of their property.

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Large (usually metal) tanks used to store toxic chemicals underground; commonly found where gas stations, auto repair shops, printing and chemical plants, and dry cleaners used tanks for storage of chemicals.

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A variety of fungus that is black and gelatinous in appearance that is created when an area is continuously exposed to water, darkness, heat and a constant supply of cellulose and, if ingested or inhaled, can cause a range of mildly irritating to dangerous symptoms in humans.

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# Wetlands

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# Mesothelioma

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# Encapsulation

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**A type of lung cancer caused by exposure to asbestos.**

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**Areas of land that are either permanently or seasonally saturated with water, typically having characteristics of a distinct ecosystem. Some examples include swamps, marshes, and bogs. These bodies of water can contain either fresh, brackish or salt water.**

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**The act of leaving asbestos in place and covering it with a protective barrier to reduce the risk of exposure.**

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# Agency

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# Licensee

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# Consumer

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# Agent

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# Client/Principal

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# Transaction Broker

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# Customer

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# Written Service Agreements

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An individual with a real estate license, either a salesperson or a broker.

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Means relationship and representation; occurs when one individual hires another to represent their best interests.

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The term used to refer to a licensee (either a broker or a salesperson) that has been hired via a written service agreement to act on another's behalf in a real estate transaction.

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A member of the general public that does not have a real estate license.

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A licensee (either a broker or a salesperson) that is working with a customer that did not wish to sign a written service agreement but still wanted guidance from the licensee. The licensee's role is like that of a consultant. (also called Non-agent, Facilitator, Intermediary)

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An individual that hires a licensee to represent him for a specific task via a written service agreement.

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A contract between the two parties that outlines the duties and expectations of each side, plus the compensation to be paid.

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An individual that needs the services of a licensee but does not wish to sign a written service agreement.

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# Independent contractor agreement

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# Listing agreement

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# Buyer agency agreements

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# Fiduciary

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# Accountability

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# Care

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# Obedience

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# Loyalty

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A contract that creates an agency relationship between a property owner and a broker in which the broker will list the property on the local Multiple Listing Service (MLS) in exchange for compensation; the goal of the listing contract is to procure a ready, willing and able buyer and must be in writing to be enforceable; listing contracts are divided into two categories exclusive listings and non-exclusive listings.

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A contract between a business owner (client) and a worker (contractor) that covers the obligations, scope, and deadlines of the work to be performed that affirms that the client and contractor are not in an employer-employee relationship.

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One whom trust and confidence has been placed and is expected to be extremely loyal to the client, putting the interests of his client above his own interest.

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A contract that creates an agency relationship between a buyer and a broker in which the broker is hired to locate a suitable property (such as a house) at the lowest price possible with the best terms; one of the main goals of buyer agency agreements is to protect the broker's commission.

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The agent must exercise due care, which is reasonable and diligent care, in carrying out the duties of the agency.

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The agent must account for all funds received or disbursed on behalf of the principal.

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Must place his client's interests above everyone else's, including his own. The agent cannot disclose to third parties any facts about the principal or the agency that are not in the principal's best interest.

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Must obey all LEGAL instructions from the principal. If instructions given to the agent require that the agent perform or be an accomplice to an illegal act, the agent must withdraw from the agency.

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# Disclosure

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# Vicarious liability

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# Express agreement

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# Implied agreement

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# Ratification

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# Estoppel

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# Single Agency

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# Dual Agency

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Being responsible for actions of another because of the relationship of the parties even when not directly committing the damaging act.

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The agent has a duty of full disclosure and must inform the principal of any material facts likely to influence the principal's decision making process.

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An agency relationship that has been formed based on the conduct of the licensee and the consumer. It is not an agreement that the two have made orally or in writing, but instead was formed by their conduct.

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An agency relationship that has been created between a licensee and a consumer via either a written service agreement or oral service agreement that outlines the duties and expectations of both sides and the compensation to be paid to the licensee.

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An agency relationship that was created when the licensee was acting on the consumer's behalf without the consumer's direct consent, but to the consumer's benefit.

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An agency representation agreement that was created after a licensee did something on the consumer's behalf without the consumer's permission, but since the consumer is OK with what the licensee has done or has committed him to do, he accepts the actions done on his behalf. All parties involved pretend to go back in time and agree that the licensee was effectively acting as an agent at the time the act was committed.

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Also called limited agency, a situation where the broker represents both sides of a transaction, the buyer and seller.

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A "one-on-one" agency relationship in which the licensee represents only one side of the real estate transaction, either the buyer or the seller.

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# Designated Agency

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# Subagency

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# Special agency (specific agency)

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# General agency

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# Universal agency

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# Power of attorney

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# Ostensible Agent

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# Power of Attorney

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A type of representation that occurs when a cooperating sales associate from another brokerage, who is not the buyer's agent, shows property to a buyer that is listed by another brokerage.

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A situation where the broker appoints one licensee to represent the seller and another licensee to represent the buyer in the same transaction.

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An agency relationship that gives the agent limited power to bind the principle/client to a contract. The agent is authorized by the client to perform several acts associated with the on-going operation of a single business.

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An agency relationship that gives the agent no power to bind the principle/client to a contract. The agent is authorized to perform a specific set of tasks for a specific amount of time but cannot agree to a contract on their client's behalf.

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A written instrument authorizing an individual, the attorney-in-fact, to act as the agent on behalf of another to the extent indicated in the instrument.

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An agency relationship that typically occurs when one person is holding a power-of-attorney over another person. In a universal agency situation, the agent-in-fact (the person holding the power of attorney) has unlimited power to bind and act in place of the principle/client and to perform ALL tasks as if her or she what that person. A universal agent is considered to be the most powerful forms of representation.

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A document, signed by a principal and typically notarized, that gives another person the power to make decisions on behalf of the principal in accordance with the terms of the document.

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A person who has been given the appearance of being an agent (representative) for another (client), which would make anyone dealing with the ostensible agent reasonably believe he was an actual agent of the client.

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# General power of attorney

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# Disclosure

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# Conflict of interest

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# Material fact

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# Trust funds

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# Commingling

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# Expiration

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# Repudiation

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The act of making it clear whom an individual represents.

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A power of attorney that allows the attorney-in-fact to obligate a principal in almost any way that the principal could have obligated himself.

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Information that, if known, would be significant enough to influence an individual's decision as to whether to enter into a contract on the specified terms.

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A situation in which an individual or organization is involved in potentially competing interests creating a risk that one interest might unduly influence another interest.

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The act of mixing trust funds with personal funds.

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Funds from parties in the contract that the licensee has been entrusted to keep safe until the completion of the contract. Examples of trust funds include earnest money checks and security deposits.

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A situation in a contract when one party to a contract decides to terminate it because they cannot fulfil the terms of the contract.

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The act of an agreement ending because the time period specified in the contract ended.

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# Performance

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# Breach of contract

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A failure, without legal excuse, to perform any promise that forms all or part of the contract.

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The act of fulfilling the terms of the contract.

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**“As is”**

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**“Time is  
of the essence”**

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**Addendum/  
Addenda (plural)**

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**Adhesion contracts**

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**Ambiguity**

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**Amendments**

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**Arbitration**

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**Assignment**

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Language included in a contract when one side wants to ensure that the agreement clearly states that it is very important that the contract obligations be completed on time. Failure to act within the time required constitutes a breach of the contract.

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A term that indicates there are no promises being made as to condition of the property.

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A legal agreement that is drafted by one party, but not the other, meaning the party signing the agreement had no opportunity to negotiate the terms of the contract; basically, it is a “take it or leave it” contract.

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An additional provision added to an existing contract without altering the content of the original. These additions should be agreed upon and signed by all parties to be valid.

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Changes or modifications to the content of an existing contract; These changes must be agreed upon and signed by all parties to be valid.

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A situation or statement that is unclear because it can be understood in more than one way

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A situation that occurs when an original party to an existing contract, the assignor, bestows the contract’s obligations and benefits to another party, the assignee. The assignee assumes contractual liability for the contract. The parties involved in the contract are changing, not the contract itself.

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A process of dispute resolution where an independent adjudicator makes a binding decision on the issues in contention based on the evidence presented by the parties.

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# Bilateral contract

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# Breach of contract

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# Breach of contract

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# Cancellation

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# Compensatory damages

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# Consideration

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# Contingency

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# Contract

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A failure without legal excuse to perform any promise that forms all or part of the contract.

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A two-sided contract in which both parties are obliged to perform as outlined in the contract (meaning do what they said they would do in the contract).

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The termination (cancelling) of the contract that ends a contract dead in its tracks without returning parties back to their original positions. In a cancellation, no funds involved, such as earnest money or security deposits, would be returned.

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A failure, without legal excuse, to perform any promise that forms all or part of the contract.

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The items of value to be exchanged in a contract, a benefit which must be bargained for between the parties and is the essential reason for a party entering into a contract.

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Damages awarded to the wronged party for the monetary amount necessary to replace only what was lost, and nothing more.

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A voluntary and legally enforceable agreement between two or more parties in which each party promises to do something for the other in exchange for a benefit.

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A provision of a contract that requires a specific event or action to take place in order for the contract to remain valid.

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# Counteroffers

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# Damages

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# Executed

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# Executory

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# Express contract

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# Financing contingency

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# Fraud

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# Good faith

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Funds awarded to make things right for one side that was harmed by another.

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Any change to an original offer that technically creates a brand-new offer.

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A contract that has been signed by all parties involved but has not been completed yet. In other words, the contract is pending.

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A contract that has been completed or finished as defined by the terms of the contract.

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A clause in the real estate contract that states the buyer's purchase offer is dependent on securing a loan for the agreed-upon contract sales price.

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When the terms of the contract are clear to all parties involved before any action is taken to fulfill the contract; can either be made orally or in writing.

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Acting honestly without deception when entering, performing and enforcing a contract.

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The act of making an intentional statement (or omission) with the intent to deceive in order to persuade or influence another to act to that person's harm. In other words, it is knowingly lying to someone about the terms of the contract to get them to enter into it so that they can take advantage of someone.

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# Good-faith deposit/ earnest money deposit

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# Implied contract

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# Injunction

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# Innocent Misrepresentation

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# Inspection contingency (due diligence contingency)

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# Liquidated damages

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# Mediation

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# Minor status

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When the terms of the contract have not been discussed or written between the parties involved, the actions of each party involved suggest an agreement and create an implied contract.

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A regional custom when a buyer provides a sum of money with the contract to assure the seller that the buyer is serious about the transaction and the buyer intends to purchase the property. A good faith deposit is not required for a valid sales purchase contract.

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Committed when an individual makes a false statement when he had reason to believe that he was telling the truth.

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A court order requiring a person to do or cease doing a specific action.

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Usually written into the contract, breach-of-contract compensation agreed on by the parties at the time of their agreement, meaning the specific amount owed to each party in the case of default; also called up front damages.

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A clause in a contract that gives the buyer the right to have the physical condition of the property inspected within a specified time period. Based on the findings of a professional property inspection, the buyer can negotiate repairs, renegotiate the sales price, or cancel the contract.

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Being under the legal age set by law.

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An alternative dispute resolution process where the parties engage in negotiation to resolve the issues in dispute where an independent third party, the mediator, will assist the parties to identify the key issues in dispute and consider options and alternatives to settle the matter.

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# Misrepresentation

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# Mitigation of damages

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# Mutual agreement

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# Negligent Misrepresentation

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# Nominal Damages

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# Nonperformance

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# Notice of Acceptance/ Delivery

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# Novation

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The act of the injured party to try to keep the damages as low as reasonably possible when a contract is breached.

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A legal term that means “a false statement of fact that has the effect of inducing an individual into a contract,” meaning the concealment of an important fact so that another party is led to act to their own detriment.

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When an individual does not directly lie but makes an assumption and thus a representation about something while having no hard evidence for believing it to be true.

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The act of both sides deciding to jointly end the contract by either rescinding (withdrawing) or canceling the contract.

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A failure of a party to abide by or fulfill the terms of a contract which may lead to a breach of contract, a failure, without legal excuse, to perform any promise that forms all or part of the contract.

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Damages that are awarded when wrongdoing is clearly present, but no real financial harm has occurred that are paid to prove a point.

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The act of replacing one party in a contract with another, or of replacing one contract with another. It can extinguish (cancel) the original contract and replace it with another, which would require the consent of ALL parties involved.

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When the party making the offer is notified that the party accepting the offer has actually accepted it.

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# Offer and Acceptance

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# Offeree (Offer-EE)

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# Offeror (Offer-OR)

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# Option

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# Permanent injunctions

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# Possession

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# Proper Legal Form

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# Puffing

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The side receiving the offer.

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When an offer is accepted and agreed upon by all parties without any changes. Also called mutual assent, mutual agreement or a meeting of the minds.

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A type of unilateral contract used to keep a potential offer to sell open while the potential buyer is deciding whether or not to purchase the property.

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The side making the offer.

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The moment when the buyer will have the right to take physical control of the property.

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Court orders that are issued as a final judgment in a case when monetary damages will not suffice.

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The slight exaggeration about a property made by a salesperson that presents opinions rather than facts.

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A legal concept that requires certain types of contracts (such as real estate contracts) to be executed in writing to prevent fraud and be enforceable in a court of law.

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# Punitive damages

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# Purchase agreement

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# Reality of Consent

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# Rescission

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# Restitution

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# Right of First Refusal

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# Statute of frauds

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# Statute of limitations

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An agreement between and seller and a buyer with the purpose to expressly state in writing the terms of the transfer of real property from the seller to the buyer; also called a sales contract, purchase contract, contract of sale, purchase and sale agreement, and offer to purchase.

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Damages awarded to the wronged party mostly as a punishment for the defaulting party that are usually much higher than compensatory damages.

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The unmaking of a contract between parties in contract law, meaning the withdrawal of the contract between the parties.

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The willful entry by all parties into a contact without duress, menace, misrepresentation, or fraud.

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A clause in a real estate contract that gives the interested party the right to be the first allowed to make an offer on the property if it's offered for sale.

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The return of consideration when a contract is rescinded.

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The time period during which various types of legal action must be brought before the ability to take action is lost.

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A legal concept that requires certain types of contracts (such as real estate contracts) to be executed in writing to prevent fraud and be enforceable in a court of law.

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# Suit for Specific Performance

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# Temporary injunctions

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# Temporary restraining orders (TRO)

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# Unconscionable contracts

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# Undue influence

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# Unenforceable

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# Unilateral contract

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# Valid (enforceable)

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An order of the court that are slightly more lasting in effect than TRO and requires a court proceeding and usually requires a notice to the opposing party.

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An order of a court which requires a party to perform a specific act that was stated in a contract.

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A contract that is so harsh that a court considers it unconscionable (shockingly unfair), the court will refuse to enforce it.

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A short-term measure (usually ten days or less) in effect until the court is able to issue something more permanent, that may be issued without a court hearing and without informing the opposing party.

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The status of a contract that appears to be valid on paper but is not enforceable in court.

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A situation that exists when a person's actions are the result of an overpowering relationship rather than voluntary action.

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The status of a contract that meets all the required elements discussed in the previous section and can be enforced by a court of law.

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A one-sided contract in which only one side is obligated to perform as outlined in the contract.

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# Void

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# Voidable

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# Voiding

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The status of a contract that is valid unless cancelled by one of the parties usually because one of the parties is not a legally competent party or that it contains a contingency.

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The status of a contract that fails to meet one or more contractual requirements and is unenforceable by either party to the agreement.

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When a wronged party decides to exercise his right to void (cancel) the contract.

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# 1003 mortgage application form

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# Acceleration clause

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# Acceleration clause (In case of default)

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# Amortization period

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# Amortization schedule

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# Amortized Loans

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# Annual MIP

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# Annual percentage rate (APR)

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A clause in the mortgage that states upon default the lender can demand immediate payment of the entire amount owed (the remaining principal balance and interest).

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The industry standard form used by nearly all mortgage lenders in the United States.

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The length of time it takes a borrower to pay back the full amount of a loan principal plus the associated cost of borrowing (interest).

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A clause in a security instrument that states upon default the lender can demand immediate payment of the entire amount owed (the remaining principal balance and interest), which often leads to foreclosure.

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A loan that is paid in installments (payments) over a set amount of time.

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A schedule represented in a chart that lists all payments over the lifetime of the loan, showing the amount of principal and interest that comprise each payment until the loan is paid off at the end of its term.

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A rate expresses the effective annual rate of the cost of borrowing, which includes all finance charges such as interest, prepaid finance charges, prepaid interest, and service fees.

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A fee that is paid over the lifetime of the FHA loan. It is called “annual,” but the borrower actually makes monthly payments on it. This monthly amount is added to the PITI payment.

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# Appraised value

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# ARM (Adjustable Rate Mortgage loan)

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# Assignment of rents

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# Assumption clause

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# Bait-and-switch advertising

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# Balloon payment

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# Bare title (naked title)

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# Beneficiary

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A home loan with an interest rate based on an index and margin which causes the interest rate to vary making payments amounts change throughout the life of the loan. The margin is constant throughout the life of the mortgage, while the index value is variable.

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The current market value of the property as determined by a licensed home appraiser.

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A clause in a security instrument that that allows a second purchaser/borrower to assume a loan becoming primarily liable, but the original purchaser/borrower remains secondarily liable in case the second purchaser defaults.

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A clause entitles the lender to collect rents from the mortgaged premises in the event of default by the borrower.

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A large payment, often at the end of a non-amortized or partially amortized loan.

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A type of advertising for properties that agents don't intend to sell or that is not available in order to attract buyers for other properties.

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The lender in a deed of trust

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The type of title that has the rights of ownership and disposition, but not enjoyment. The lender or another party holds the ownership rights and can convey the property while the payments are being made but does not actually live the property.

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# Biweekly mortgage

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# Blanket Loan/ Blanket Mortgage

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# Bridge loan

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# Certificate of Eligibility

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# Certificate of Reasonable Value

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# Closed mortgage

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# Closing Disclosure (CD)

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# Collateral

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A type of loan used to fund the purchase of more than one piece of real property that will serve as collateral for the loan that is popular with builders and developers who buy large tracts of land, then subdivide them to create many individual parcels to be gradually sold one at a time.

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A type of mortgage loan provides for half of the monthly payment to be made every two weeks.

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A document issued by the VA that proves to a lender that the applicant has met the VA's service requirement.

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A short-term loan used until a person or company secures permanent financing or removes an existing obligation used to help the borrower meet current obligations by providing immediate cash flow.

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A type of mortgage that limits prepayment options but usually offers a lower interest rate than an open mortgage that cannot be prepaid, renegotiated, or refinanced before the end of the term without paying a prepayment charge.

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A document issued by the Department of Veterans Affairs (VA) that establishes the maximum value and loan amount for a VA loan.

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Something pledged as security for repayment of a secured loan, to be forfeited in the event of a default, usually property in a loan used to purchase real estate.

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A five-page form that provides final details about the mortgage loan that a borrower has been approved for that includes the loan terms, the projected monthly payments, the fees the borrower will pay and associated closing costs; the CD must be given to the borrower three business days before the closing of the loan.

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# Compound interest

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# Conforming loans

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# Construction Loan ("short term" loan)

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# Contract price (sales price)

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# Conventional/ Non-Government-Backed Loans

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# Convertible mortgage

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# Deed in lieu of foreclosure

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# Deed of Trust (trust deed)

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Loans must conform to Fannie Mae and Freddie Mac lending guidelines so that they can be sold on the secondary mortgage market.

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Interest calculated on the principal amount and the accumulated interest of previous periods, and thus can be regarded as “interest on interest.”

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The final sale price of the property agreed upon between the seller and the buyer after negotiating back and forth on the terms of the sale.

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A non-amortized, short-term loan with a high interest rate used to finance building projects for new homes or remodels for short period of time; also referred to as an interim loan.

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An adjustable-rate loan where the borrower may convert the loan to a fixed-rate mortgage at a later date.

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A non-government-backed loan that is not guaranteed or insured by any government agency.

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A security instrument that involves three parties, the lender, called a beneficiary, the borrower, called the trustor, and an impartial third-party, called a trustee.

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A situation in which the borrower voluntarily conveys all interest in a real property to the lender to satisfy a loan that is in default and avoid foreclosure proceedings.

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# Default clause

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# Defeasance clause (Paid in full)

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# Deficiency

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# Deficiency judgment

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# Department of Veteran Affairs (VA)

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# Discount points

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# Dodd–Frank Wall Street Reform and Consumer Protection Act

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# Down payment

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A clause in a security instrument that states that when the loan debt has been paid in full, the lender must release the property from the lien.

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A clause in a security instrument that outlines the situations that will constitute an “event of default” under the agreement.

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A court judgment that allows the lender to collect the deficiency from the original borrower when a home is sold at a foreclosure sale, but it does not sell for enough to cover the amount owed on the loan.

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The difference between what a property sold for at a foreclosure sale and the amount of the defaulted loan.

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A fee charged by the lender to “lower” the interest rate of the loan and increase the yield.

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A cabinet-level government agency that provides near-comprehensive healthcare services to eligible military veterans at medical centers and outpatient clinics located throughout the country and several non-healthcare benefits including disability compensation, vocational rehabilitation, education assistance, home loans, and life insurance.

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A percentage of the sales price **REQUIRED BY THE LENDER** that the borrower pays out of pocket. The down payment amount depends on the type of loan used by the borrower.

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A federal act passed in 2010 in response to the financial crisis of 2007–08 and the subsequent Great Recession that authorized the creation of the Consumer Financial Protection Bureau (CFPB).

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# Draws

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# Due-on-Sale clause (alienation clause)

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# Earnest money

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# Equal Credit Opportunity Act (ECOA)

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# Equitable right of redemption

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# Equitable title

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# Equity

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# Face-to-face closing

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A clause in a security instrument that the lender must be paid in full when the property is sold and the deed is transferred.

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Funds in a construction loan dispersed to the borrower as needed.

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A federal act which prohibits credit discrimination on the basis of race, color, religion, national origin, sex, marital status, age, or because an individual receives public assistance enforced by the Federal Trade Commission (FTC).

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A voluntary “good faith” payment MADE BY THE BUYER when making the offer to the seller to show that the buyer is serious.

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The right of enjoyment of the property with the promise of full ownership in the future, but not ownership and disposition; also call this equitable interest.

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The borrower’s right to attempt to keep the home by completely paying off the mortgage before the foreclosure process if finalized even if the loan is in default.

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A real estate settlement in which both the buyers and the sellers have an opportunity to examine the closing statement before the exchange of title and consideration in person.

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The difference between the current market value and any liens on the property.

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# Federal Housing Administration (FHA)

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# FHA loan

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# FICO credit score

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# Financing

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# Flood Insurance

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# Foreclosure

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# Foreign Investment in Real Property Tax Act (FIRPTA)

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# Freddie Mac and Fannie Mae

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A home loan issued by an FHA-approved lender and insured by the Federal Housing Administration (FHA) designed for low-to-moderate-income borrowers that requires a lower minimum down payments and credit scores than many conventional loans.

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A government agency, established by the National Housing Act of 1934, to regulate interest rates and mortgage terms after the banking crisis of the 1930s.

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The act of providing funds in the form of a loan.

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A type of credit score created by the Fair Isaac Corporation used by lenders to make a decision about extending credit to a borrower.

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The legal process in which a lender takes possession of a financed property because of the borrower's failure to make timely loan payments.

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A separate insurance policy that is required by lenders for homes that are built in flood zones.

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Government Sponsored Enterprises (GSEs), publicly-traded private companies that are sponsored by the US Government that buy conforming loans, combining them into pools to be sold to investors as mortgage-backed securities.

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An act enacted in 1980, initially as a response by Congress to concerns about increasing foreign ownership of farmland in the United States to establish equity of tax treatment in U.S. real property between foreign and domestic investors.

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# Full legal title

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# Fully-amortized loan

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# Ginnie Mae

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# Good Faith Estimate (GFE)

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# Government-backed loans

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# Graduated payment mortgage (GPM)

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# Growing-equity mortgage (GEM)

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# Hazard insurance

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During the lifetime to the loan, payments were made in equal installments and at the end of the loan period (term), the principal balance is zero meaning the loan is paid in full on the final payment.

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The legal interest in the property with a full bundle of rights which includes three important rights: ownership, enjoyment and disposition.

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A form used by lenders given to mortgage applicants after applying for a new home loan that provides a breakdown of the mortgage payments due and the charges associated with the loan.

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A government agency housed within the Department of Housing and Urban Development (HUD) that provides guarantees on conforming loans to cover losses lenders would suffer should a residential homeowner default on their loan.

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A type of fixed-rate mortgage for which the payments increase gradually from an initial low base level to a higher final level.

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A home loan subsidized by the government, which protects lenders against defaults on payments.

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The part of a homeowners insurance policy that covers damage to the physical structure of a house from fire, hail and other disasters.

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A type of fixed-rate mortgage where monthly payments increase over time according to a set schedule, rather than remaining fixed and equal over the loan term.

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# Home equity loan

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# Impound account

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# Index

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# Interest

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# Intermediate theory

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# IRS Form 1099-S

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# IRS Form 8300

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# Judicial foreclosure

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A trust account kept by the lender for taxes and insurance when taxes and insurance are part of the borrower's payment to the lender; also called a borrower's escrow account or reserve account.

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A second mortgage taken out on the equity in a home, usually at a higher rate of interest than the original home purchase loan.

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The cost of borrowing money charged by the lender.

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A variable financial marker to which the interest rate is tied making monthly payments go up or down.

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A form used to report the gross proceeds from the sale or exchange of real estate and certain royalty payments to the IRS that applies to one-to four residential unit buildings.

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Under the intermediate theory, title remains with the borrower, as in the lien theory, but it automatically transfers to the lender in the event the borrower defaults.

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A foreclosure carried out under the supervision of a court.

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A form required by the IRS for cash transactions of more than \$10,000.

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# Land contract

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# Late charges

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# Lending estimate (LE)

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# Lien

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# Lien Theory

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# List price

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# Loan

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# Loan modification

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A clause in a security instrument that covers the fee for late payments as well as any grace periods (the number of days allowed for a late payment).

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A type of purchase-money mortgage (owner-financing arrangement) that involves two parties, the owner/seller, called the vendor and the borrower, called the vendee.

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A type of financial encumbrance that ties the performance of paying a debt to ownership of a specific property. For home loans, liens are placed by lenders against properties that are being used as collateral for a loan.

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A three-page form the borrower receives from the lender after applying for a mortgage loan that discloses the important details about the loan including the estimated interest rate, monthly payment, and total closing costs for the loan; the LE must be given to the consumer within three business days after applying for the loan.

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The price the seller sets on the property when placing it on the market. This is the seller's ideal price that he'd like to sell the property for.

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When a mortgage is used to finance a property in a lien theory, the borrower retains legal title and exclusive possession and use of the property. The lender receives a promissory note from the borrower with the property offered as collateral for the note. Upon default, the lender must use a judicial foreclosure process via the legal system to regain legal title to the property.

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A permanent restructuring of the mortgage where one or more of the terms of a borrower's loan are changed to provide a more affordable payment.

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When money is given to another party in exchange for repayment of the amount borrowed plus interest. Loans fall into two main categories unsecured and secured.

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# Loan Pre-approval

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# Loan Pre-qualification

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# Loan-To-Value Ratio (LTV%)

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# Lock-in clause

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# Margin

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# Mortgage Insurance Premium (MIP)

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# Mortgagee

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# Mortgages

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A approval that is issued when a potential borrower supplies the lender with his financial basics, including debt, income and assets. From this information, a lender estimates the mortgage amount for borrower may qualify, however, this amount is subject to the borrower providing proof of income and funds.

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Approval that is issued when the borrower submits an official mortgage application along with an application fee and financial documentation.

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A clause allows prepayment of the loan but requires that all interest be paid as if the original loan schedule were followed, which is actuality is a severe prepayment penalty.

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An expression of the ratio between the loan and the contract price or appraised value expressed as a percentage.

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An insurance required for FHA loans if the borrower's down payment is less than 20% to protect the lender from default.

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A fixed percentage rate that is added to an index value to determine the interest rate.

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Part of a loan, a type of security instrument that involve two parties, the borrower, called the mortgagor and the lender, called the mortgagee. The borrower is obliged to repay in set of payments amounts and terms.

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The lender in a mortgage.

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# Mortgagor

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# Negative amortization

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# Non-amortized loan

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# Nondisturbance clause

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# Non-judicial foreclosure

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# Open mortgage

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# Open-end mortgage

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# Option Adjustable- Rate Mortgage (option ARM)

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A financial term referring to an increase in the principal balance of a loan caused by a failure to cover the interest due on that loan.

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The borrower/buyer in a mortgage

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A provision in a mortgage contract that ensures that a rental agreement between the tenant and the landlord will continue under any circumstances.

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Loans in which payments only cover interest, but nothing is applied towards the principal. At the end of the loan term, the principal balance is due in the form of one large payment, called a balloon payment. Also referred to as interest-only loan, straight loan or term loan.

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A type of mortgage with flexible terms that allow for prepayment without penalty and have a higher interest rate than closed mortgages.

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A foreclosure that typically is executed without the involvement of the courts.

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A type of ARM mortgage where the borrower has several options as to which type of payment is made to the lender.

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A type of mortgage that allows the borrower to increase the amount of the mortgage principal outstanding at a later time.

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# P&I payment

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# Package mortgage

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# Partially-amortized loan

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# Payment

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# PITI payment

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# Power-of-sale

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# Predatory Lending

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# Prepayment clause

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A mortgage in which the loan is used to buy a property as well as all furniture and other personal property contained in the property such as appliances.

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A type on amortized loan payment that consists of two amounts: a portion for the principal balance and a portion for the interest due.

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The amount of money paid back to the lender in installments based on the terms of the promissory note.

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Loans that are made in payment installments for the majority of the term of the loan, but the remaining balance must be paid in one large payment, called a balloon payment, to completely pay off the loan.

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A clause written into a promissory note authorizing the lender to sell the property without court oversight in the event of default in order to repay the debt.

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A type on amortized loan payment for a home loan that covers principal, interest, taxes (property taxes), and insurance (homeowner's insurance) is also referred to as a budget loan.

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A clause in a security instrument that states if the buyer will incur a penalty fee for paying off a home loan early.

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Unfair, abusive, and fraudulent loan practices that take advantage of borrowers with low credit scores.

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# Primary Market

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# Principal

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# Principal Balance

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# Private Mortgage Insurance (PMI)

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# Promissory note

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# Purchase-money mortgage

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# Real estate settlement

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# Real Estate Settlement and Procedure Act (RESPA)

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The total amount of money borrowed.

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Where borrowers and lenders connect for the purpose of securing a home loan. Homebuyers, mortgage brokers, mortgage bankers, credit unions and banks are all part of the primary mortgage market.

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An insurance required by lenders for conventional loans when the buyer pays a down payment of less than 20%. PMI protects the lender, not the borrower, in case of default.

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The unpaid part of the amount borrowed.

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A blanket term used to describe owner-financing arrangements in which a buyer cannot secure a traditional home loan from a bank and the seller agrees handle the lending process instead of a financial institution; also referred to as owner financing and seller financing.

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A part of a loan that is a legal financial document in which one party promises in writing to pay a determinate sum of money to the other under specific terms.

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An act that was passed in 1974 with the main objective to protect homeowners by educating them about their settlement costs when obtaining a home loan and to eliminate kickback practices and referral fees that can inflate the cost of obtaining a mortgage.

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The closing of a transaction where a deed conveying the title is exchanged for cash and/or a security instrument and all costs are paid and/or prorated.

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# Reconveyance deed

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# Release clause

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# Release deed (trustee's deed of reconveyance)

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# Renegotiable-rate mortgage (RRM) (roll-over mortgage)

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# Reverse mortgages (reverse annuity mortgage [RAM])

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# Right of Redemption

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# Satisfaction

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# Secondary Mortgage Market

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Most often part of a blanket mortgage, a clause that allows individual parcels to be sold according to a release schedule and prevents the entire loan amount from becoming due.

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For a deed of trust, instructs that after the debt has been paid in full to the beneficiary (lender), the bare title will be released from the trustee (the third party) to the trustor (borrower).

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A type of mortgage in which the interest is set at the current rates for the first agreed upon length of time. After that time period passes, the mortgage is refinanced at the current interest rates for the next time period.

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A deed used to convey bare title back to the trustor in a deed of trust after all payments have been made by the trustor.

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The Right of Redemption allows a borrower a chance to get his home back before or after the foreclosure process if he is able to repay the amount of the debt in full.

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A reverse mortgage is a type of loan that allows homeowners ages 62 and older, typically who've paid off their mortgage, to borrow part of their home's equity as taxfree income.

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The resale market of loans where lenders can sell their loans to certain government agencies and investors.

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For a mortgage, instructs that after the debt has been paid in full to the mortgagee (lender), the mortgagee issues a satisfaction (also referred to as a release or discharge), which the mortgagor (borrower) may record to remove the lien.

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# Secured loans

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# Security instrument (finance instrument)

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# Seller financing/ land contract

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# Short sale

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# Simple interest

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# Statutory rights of redemption

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# Strict foreclosure

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# Subordination Clause ("Backseat Clause")

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A legal financial document that stipulates the borrower is pledging his interest as collateral for a loan and grants the lender the rights to take the property if the borrower goes into default and does not pay under the terms of the promissory note.

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Loans that are attached to and backed by collateral.

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Occurs when the lender agrees to let the borrower sell the property for less than what is owed on the loan instead of proceeding with the foreclosure process.

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A financing arrangement in which the seller is acting as the lender in the place of a traditional lender; also called a land contract, contract for deed, owner-financing, installment contract, lease to own, lease with option to buy, or installment plan.

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The borrower's right to reclaim their property for a certain period of time after a foreclosure has been finalized by paying the foreclosure sale price, plus other fees and expenses.

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Interest calculated on the principal amount of a loan.

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Subordination is the act of yielding priority. A subordination clause allows the new loan to take priority over any previous loans that have seniority.

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A foreclosure of a mortgage without a sale of the mortgaged property.

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# Subprime loan

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# Take-Out Loan

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# Term

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# Federal Reserve System

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# Three-day rescission right

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# TILA-RESPA Integrated Disclosures Act (TRID)

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# Title Theory (“Take Theory”)

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# Transfer tax

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A type of long-term financing for real property with amortizing fixed payments and a lower interest rate typically used to replace interim financing like short-term construction loans.

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A mortgage that's typically issued to borrowers with low credit ratings because those lenders are considered to be a higher risk to the lender.

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The the central bank of the United States created by Congress to provide the country with a safer, more flexible, and more stable monetary and financial system. The Fed regulates the flow of money through member banks by controlling reserve requirements and discount rates.

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The length of time the borrower must repay the lender.

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A federal act that took effect in 2015 that combined parts of the Real Estate Settlement Procedures Act (RESPA) and Truth in Lending Act (TILA) disclosures and regulations that was designed to make the lending process more transparent for consumers.

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A right a borrower has if the loan is for consumer credit secured by the borrower's residence in which the borrower has the right to reconsider and cancel.

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A tax charged at closing on the transfer of real estate based on the contract price or value of the property.

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When a mortgage is used to finance a property in a title theory state, the lender holds bare title and the borrower holds equitable title. While equitable title still allows the borrower exclusive possession and use of the property, upon default, the lender is entitled to immediate possession of the property and can call the entire note due. A non-judicial foreclosure process is used in case of default.

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# Triggering terms

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# Trustee

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# Trustor

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# Truth-In-Lending Act (TILA) and Regulation Z

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# Truth-in-Lending Disclosure

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# Unsecured loans

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# Upfront MIP

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# Usury

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An impartial third-party in a deed of trust.

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Words or phrases that must be accompanied by a disclosure when they're used in advertising according to TILA.

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A federal consumer protection law that was enacted in 1968 created to help borrowers understand the costs of borrowing money by requiring certain disclosures about loan terms and costs. The set of regulations that implemented TILA is known as Regulation Z.

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The borrower/buyer in a deed of trust.

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Loans that are not attached or backed by any collateral.

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A required disclosure statement that includes information about the amount of the loan, the annual percentage rate (APR), finance charges (including application fees, late charges, prepayment penalties), a payment schedule and the total repayment amount over the lifetime of the loan.

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The illegal action or practice of lending money at unreasonably high rates of interest.

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A percentage of the FHA loan amount paid when the loan is originated and is calculated into the total loan amount. Currently the percentage is 1.75% of the loan amount and is financed into the loan.

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# VA loan

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# Vendee

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# Vendor

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# Wraparound mortgage (all-inclusive mortgage)

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# Yield

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The buyer/borrower in a land contract that has an equitable interest in the property.

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A home loan program especially for active duty and retired military with 0% down payment that requires a funding fee.

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A home loan that allows the seller to maintain their existing mortgage while the buyer's mortgage "wraps" around the existing amount owed.

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The owner/seller in a land contract that holds full legal title.

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The interest earned by the lender on the loan.

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# Amenities

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# Annual Net Operating Income (NOI)

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# Anticipation

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# Appraisal

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# Assemblage and plottage

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# Broker's Price Opinion (BPO)

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# Capitalization Rate

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# Change

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The annual profit generated by property after subtracting expenses from the income produced. The income approach steps are used to calculate the NOI.

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Property features that provide greater satisfaction in living or pride of ownership.

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An opinion of value based on supportable evidence and approved methods typically required for all properties, residential or commercial, that are to be pledged for collateral for a loan.

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The principle of purchasing real property today with the expectation of profit or gain in the future.

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A less expensive alternative often used by lenders to evaluate commercial properties that is usually completed by a licensee used for the purpose of establishing a selling price, not for the purpose of establishing value.

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Assemblage is the process of joining several contiguous (touching), parcels of property together one owner to form one larger parcel. The increase in value by assemblage is called plottage or plottage increment.

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The principle that no physical or economic condition remains constant and is mainly the result of cause and effect.

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A profit on an investment over a period of time expressed as a proportion of the original investment. Basically, it is how quickly an investor will regain the amount of money invested into a property. Also referred to as the “cap rate.”

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# Characteristics of Value: DUST

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# Comparable property or “comps.”

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# Comparative Market Analysis (CMA)

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# Competition

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# Conformity

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# Contribution/ Increasing and Diminishing Returns

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# Cost Approach

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# Curable functional obsolescence

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A property that is similar to the subject property and that has recently sold. The comparable property is being sold to the subject property.

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The combination of demand, utility, scarcity and transferability that represents the worth of the property; remember the acronym Demand, Utility, Scarcity, and Transferability.

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The principle that excessive profits will tend to attract and breed competition.

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A report based on recently sold properties, properties currently on the market, and expired listings in the area that is normally completed by a real estate agent for sellers and buyers.

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**“More is not necessarily better”**  
The principle that the addition of improvements to property can only add up to so much value. After that, no matter how much is spent on the property, the value will not increase.

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The principle that value is created and sustained when real estate characteristics are similar. Subdivision CC&Rs help maintain the value of properties in this manner.

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A loss of value caused by outdated physical or design features that could be replaced or redesigned economically.

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An appraisal method that is normally used for determining the value of newer or special-use buildings that do not generate rental income from tenants or are older homes in residential neighborhoods such as schools, churches, and other public buildings that do not collect rents.

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# Curable physical deterioration

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# Demand

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# Depreciation

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# Economic life

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# Effective age

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# Effective gross income

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# External obsolescence

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# Functional obsolescence

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An economic concept that relates to a consumer's desire to purchase goods and services and willingness to pay a specific price for them. If a property is not in demand, it has very little value. Also, demand must be coupled with purchasing power.

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Refers to a form of physical deterioration that's economically feasible to repair. In other words, the increase in value exceeds the cost of repair.

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The period during which the improvements contribute to the net income. In other words, the anticipated life expectancy of the building.

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The loss in value of an improvement for any reason that must be taken into consideration when estimating the value of a property.

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The amount the property produces before the expenses are paid.

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The structure's age for appraisal purposes.

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A loss of value in a property caused by outdated features and poor design.

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An incurable loss of value caused by an outside problem rather than the property itself and, therefore, beyond the property owner's control.

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# Highest and Best Use

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# Income approach to value

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# Incurable functional obsolescence

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# Incurable physical deterioration

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# Market price

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# Market value

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# Observed Condition Method

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# Physical deterioration

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An appraisal method used to determine the value of large income-producing commercial properties such as shopping centers, office complexes, and apartment complexes. The key components of this approach are the annual operating income (NOI), the capitalization rate and the value.

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The most realistic use which, at the time of the appraisal, is most likely to produce the greatest net return in money over a given period of time.

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Refers to a form of physical deterioration that's not economically feasible to repair. If the cost of repairing damage surpasses the value it adds to the structure, the deterioration is considered incurable even if it physically can be repaired.

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A loss of value caused by outdated physical or design features that could not be replaced or redesigned economically or physically.

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The most probable price that an informed buyer would be willing to pay in a fair sale that has allowed a reasonable marketing time.  
The actual market value of a property.

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The price the property actually sells for at closing because of motivation, knowledge, or bargaining strength of the parties, current interest rates and the supply of available properties.

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The normal wear and tear that a building experiences as it ages and is affected by on the original quality of construction and the level of ongoing maintenance. The two categories of deterioration are curable and incurable.

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When an appraiser analyzes the condition of the property, considering physical deterioration, functional obsolescence, and external factors, to determine the effective age of the building and its value.

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# Principles of Value

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# Progression

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# Reconciliation

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# Regression

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# Replacement cost

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# Reproduction cost

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# Sales Comparison Approach

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# Scarcity

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The principle that when the value of an inferior property increases when located in an area of superior properties.

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Certain tangible and intangible aspects that affect the value of a property. Some are tangible and others are intangible.

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The principle that when the value of a superior property is affected adversely by the presence of the lesser-quality property.

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The act of determining the final estimate of value by analyzing and weighing the findings from the three approaches. The three indications of value are not averaged. Instead, depending on type of property, one approach would be given more weight than others.

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The cost to construct an exact duplicate of the subject structure at today's costs.

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The cost to construct a structure with the same usefulness (utility) as a comparable structure using today's materials and standards.

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A economic concept that relates to the availability of a property, which has an impact on its value. The lower the availability, the higher the demand. The higher availability, the lower the value.

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An appraisal method normally used to determine the value of residential homes in older established neighborhoods when the house for sale is compared to similar houses that have already sold.

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# Subject property

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# Subjective value (utility value)

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# Supply and Demand

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# Transferability

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# Utility

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# Value

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The personal-use value of the benefits of ownership, meaning it's what the homebuyer thinks or feels the property is worth based on its usefulness.

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The property for sale in the sales comparison approach.

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A economic concept that relates to the ability to convey the title between owners. To have value, the title or possession must be capable of being transferred. If a property cannot be legally transferred because of title issues, then it has no value.

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Supply is the amount of a specific good or service that's available in the market. Demand is the amount of the good or service that customers want to buy. In real estate, the relationship between supply and demand is dictated by how many houses are available and how many people want to buy houses. This means that if there are more available houses on the market than willing and able buyers, property prices will decrease. If there are fewer available houses on the market than willing and able buyers, property prices will increase.

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The monetary worth of a property or the amount of money an investor has invested.

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A economic concept that relates to how useful a property is to an owner. A property must have a useful purpose to be valuable.

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# **“Trust”**

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# **Americans with Disabilities Act (ADA)**

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# **Antitrust laws**

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# **Bid Rigging**

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# **Blockbusting (panic peddling)**

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# **CAN-SPAM Act of 2003**

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# **Civil Rights Act of 1866**

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# **Civil Rights Act of 1875**

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A federal act passed in 1990 that prohibits discrimination against individuals with disabilities in all areas of public life, including jobs, schools, transportation, and all public and private places that are open to the general public.

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In the 19th century, an umbrella term for any sort of collusive or conspiratorial behavior that was seen to render competition unfair.

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A violation of antitrust acts which is the illegal practice between two or more parties who collude to choose who will win a contract.

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A broad group of state and federal laws that are designed to make sure businesses are competing fairly by protecting consumers and regulating how companies operate their businesses.

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The Controlling the Assault of Non-solicited Pornography and Marketing Act of 2003 (CAN-SPAM Act) protects consumers from being assaulted by misleading emails.

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A violation of federal fair housing laws that occurs when a licensee induces owners to sell or rent immediately because individuals of a protected class are moving into the neighborhood.

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Also known as the “Enforcement Act,” the 1875 Act guaranteed all citizens, including Black people, equal access to public accommodations and transportation in addition to prohibiting their exclusion from jury service.

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The first law enacted by the United States Congress clearly defining U.S. citizenship and affirming that all citizens are equally protected by the law.

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# Civil Rights Act of 1964

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# Civil Rights Act of 1968

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# Civil Rights Cases of 1883

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# Color

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# Disability (Handicap)

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# *Dred Scott v. Sanford*

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# Fair Housing Amendments Act of 1988

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# Familial status

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The Civil Rights Act of 1968 (commonly referred to as the Fair Housing Act) that prohibited discrimination concerning the sale, rental and financing of housing based on race, religion, national origin or sex.

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A law signed by President Lyndon Johnson on July 2, 1964 which prohibited discrimination in public places, provided for the integration of schools and other public facilities, and made employment discrimination illegal.

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A protected class based on the color of an individual's skin

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Supreme Court ruling which held that that public accommodation sections of the Civil Rights Act of 1875 were unconstitutional, declaring that the Thirteenth and Fourteenth Amendments did not give Congress the power to regulate the affairs of private individuals and businesses.

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The 1857 Supreme Court ruling which held that because of their foreign ancestry, native-born, free African Americans were not U.S. citizens and thus had no rights to sue in American courts.

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An individual is considered disabled if a major life activity is impaired (such as sight or mobility), including both physical and mental impairments.

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The status of an individual that is the head of a household (adult) who is responsible for a minor child or children.  
A minor is a person under the age of 18.

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An act that increased fair housing protection for persons with a physical or mental handicap (now termed disability), as well as protection based on familial status and brought the enforcement of the Fair Housing Act even more squarely under the control of the U.S. Department of Housing and Urban Development (HUD).

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# Farming

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# Federal Fair Housing Laws

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# Fourteenth Amendment to the US Constitution

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# Group Boycotts (Boycotting)

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# *Jones v. Alfred H. Mayer Co.*

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# Market allocation

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# National Origin

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# *Plessy v. Ferguson*

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A group of acts that protect individuals from discrimination when renting or buying a home, securing a mortgage, seeking housing assistance, or engaging in other housing-related activities.

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Geographically assigning markets or neighborhoods between agents inside of a single brokerage or company that is not a violation of antitrust laws.

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A violation of antitrust acts that occurs when two or more brokers agree not to cooperate with other brokers in order to cause financial harm.

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An amendment in the US Constitution which addressed citizenship and guaranteed all citizens equal protection under the law.

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A violation of antitrust acts which occurs when different brokerages or companies that offer the same services agree to geographically divide a market amongst themselves.

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A landmark United States Supreme Court case, which held that Congress could regulate the sale of private property to prevent racial discrimination. With its decision, the Supreme Court upheld the Civil Rights Act of 1866 that banned discrimination against black citizens in the private sale and rental of property.

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A Supreme Court decision which declared that racially separate accommodations were legal as long as they were equal in quality and that the states had the power to enact laws requiring racial segregation in those accommodations (commonly referred to as “separate but equal”).

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The country of birth or ancestry.

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# Price Fixing

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# Race

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# Redlining

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# Religion

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# Sex

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# Sherman Antitrust Act

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# Steering (channeling)

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# Telephone Consumer Protection Act

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An anthropological and biological system of classifying groups of people according to physical characteristics, such as skin color, hair texture, eye shape, or color.

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A violation of antitrust acts which is an agreement between competitors in the same market to sell the same service at a fixed price.

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A system of beliefs and practices relating to the sacred and divine.

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A violation of federal fair housing laws that occurs when lenders refuse to negotiate loans in certain geographic areas even when the borrower qualifies; often affects older neighborhoods.

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The first federal act antitrust law (or “competition law”) passed by Congress in 1890 which outlawed trusts (monopolies) to increase economic competitiveness.

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The physical characteristics that make a person male or female.

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A federal act that prohibits sending unsolicited advertisements to fax machines.

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A violation of federal fair housing laws that occurs when a licensee directing buyers into or out of certain neighborhoods based on their race, color, religion or national origin.

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# National Do-Not-Call Registry

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# The Rumford Fair Housing Act of 1963

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# Tying/ Tied-in arrangements

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A law that was passed in California on September 20, 1963 (also called the California Fair Housing Act, or AB 1240) with the goal to end unfair discrimination against people of color who were seeking housing in California.

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A database maintained by the United States federal government, listing the telephone numbers of individuals and families who have requested that telemarketers not contact them.

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A violation of antitrust acts that occurs when a business has dominance in the market shares of one product but wishes to gain market shares in another product, ties sales of the dominant product to the second product. This forces customers for the second product to buy something they may not need or want.

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# “Intended use”

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# Abandonment

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# Acting in good faith

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# Assignment

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# Buyer damages

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# Constructive eviction

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# Due diligence

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# Errors and omissions

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The unexplained or extended absence by the tenant from the premises for 30 days or more without payment of rent.

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What the buyer plans to do with the property after the purchase. If an agent who knows that an intended use by a prospective buyer is not feasible or possible, the agent has the affirmative duty to tell the buyer.

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The act of transferring a contract's obligations and benefits from an original party, the assignor, to another party, the assignee.

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In a real estate transaction, it means that the action is completely honestly with earnest effort.

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A unique kind of eviction that is performed by a tenant rather than a landlord when the landlord violates the lease contract by failing to provide a habitable living space as required by law.

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A clause in a listing contract that may provide for a division of damages received between the owner and broker when a buyer defaults on a purchase.

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Commonly called "E&O," a type of professional liability insurance that protects companies and their workers or individuals against claims made by clients for inadequate work or negligent actions. Errors and omissions insurance often covers both court costs and any settlements up to the amount specified by the insurance contract.

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The act of investigating facts about the physical and financial condition of the property and the area the property is located in before making an offer and after the contract is accepted by buyers.

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# **Eviction (actual eviction)**

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# **Exclusive Agency**

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# **Exclusive agreement**

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# **Exclusive-Agency Buyer Agreement**

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# **Exclusive-Buyer Agency Agreement (Exclusive Right to Represent)**

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# **Exclusive-Right-To-Sell**

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# **Exculpatory clause**

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# **Flat Fee Listing**

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A type of listing agreement that the broker is entitled to a commission if any agent sells the property, HOWEVER, if the owner finds the buyer and sells the property by himself, the seller is not responsible to pay a commission to the listing broker.

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The process of removing a tenant from the premises for failure to pay rent (or other violations of the lease contract).

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A type of buyer's agency agreement in which the broker will only receive a commission payment if he discovers the property that the buyer ultimately purchases. If the broker does not locate the property, then the broker is not owed a commission. (Not many brokers will offer this type of listing in the real world!)

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A way to describe the contract that means the seller has listed the property with one broker. Exclusive listings are considered bilateral contracts (two-sided) as the broker promises to use best efforts to obtain an acceptable sales contract in return for compensation from the homeowner.

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A type of listing agreement in which a seller is legally obligated to pay the listing broker a commission when the sale of the listed property closes regardless of who finds the buyer. It doesn't matter who finds the buyer (It could be the listing broker or his agents, another company or the seller himself). As long as the house sells, the broker will receive a commission. This type of listing provides the most protection of a commission to a listing broker.

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A type of buyer's agency agreement in which, regardless of who discovers the suitable property that the buyer ultimately purchases, the buyer is legally obligated to pay a commission to the broker when the sale closes. This type of listing provides the most protection of commission to a broker.

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The practice in the real estate industry of a seller entering into an "à la carte service agreement" with a real estate broker who accepts a flat fee rather than a percentage of the sale price for the listing side of the transaction.

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A hold-harmless clause by which the tenant agrees that the landlord is not liable for any loss or injury because of the condition of the premises.

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# Forfeiture

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# Fraud

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# General liability insurance

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# Hold-harmless clause

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# Holdover clause

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# Latent defect

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# Listing agreement

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# Multiple Listing Service (MLS)

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An act that occurs when an intentional statement (or omission) is made with intent to deceive in order to persuade or influence another to act to that person's harm. In other words, it is knowingly lying to someone about the terms of the contract to get them to enter into it so that they can take advantage of someone.

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A loss of tenant's rights caused by a material breach.

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A clause in a listing contract that provides for reimbursement to the agent from the owner if the agent repeats misinformation furnished by the owner and must pay damages to someone.

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An insurance policy protects small businesses from claims that it caused bodily injuries and property damage.

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A hidden defect which could not be uncovered during a routine inspection process.

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A clause in a rental contract that provides for a significant rent increase should a tenant fail to give up possession at the end of the lease which serves to discourage a tenancy at sufferance by forcing the tenant to vacate or negotiate a new lease.

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A database established by cooperating real estate brokers to provide data about properties for sale that allows brokers to see one another's listings of properties for sale with the goal of connecting homebuyers to sellers. Under this arrangement, both the listing brokers and selling brokers (buyer's brokers) benefit by consolidating and sharing information and by sharing commissions.

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An agreement signed between a broker and a property owner in which the homeowner hires the broker to list the home for sale on the local multiple listing service in exchange for a commission. The goal of the listing contract is to procure a ready, willing and able buyer and must be in writing to be enforceable.

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# Net listing agreement

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# Non-exclusive listings

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# Notice

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# Novation

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# Open listing agreement

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# Open-Buyer Agency Agreement

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# Property management agreement

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# Property manager

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A way to describe the contract that means the seller may enter into contracts with multiple listing brokers at the same time.

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A type of listing in which the brokerage lists and sells a property and gives the seller the amount he wished to net from the sale and keeps the rest of the profit as a commission.

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The act of replacing one party in a contract with another, or of replacing one contract with another. It can extinguish (cancel) the original contract and replace it with another, which would require the consent of ALL parties involved.

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An announcement to the tenant that the landlord intends to end the lease contract.

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A type of buyer's agency agreement in which the buyer works with multiple brokerages to locate a suitable property and only pays a commission to the brokerage that discovers the property that the buyer ultimately purchases.

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A type of listing agreement in which the seller works with multiple brokerages to list the property and only pays a commission to the brokerage that procures the buyer that ultimately purchases the property.

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A licensee (usually a broker) that has been hired to manage a rental property on behalf of a property owner.

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A contract between the property owner and the broker acting as the property manager that creates an agency relationship between the property owner and the real estate licensee.

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# Retaliatory eviction

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# Safety clause (protection clause)

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# Security deposit

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# Sub-leasing

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# Surrender

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# Unconscionable agreement

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# Uniform Residential Landlord and Tenant Act

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# Vicarious liability

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A clause in a listing agreement that entitles the listing broker a commission after the listing expires or is canceled to ensure that a broker receives fair compensation for their work and to prevent collusion between buyers and sellers.

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An eviction of a tenant by a landlord that is motivated, in whole or in part, by the tenant's exercise of a legal right, such as complaining in good faith to the health department, using a tenant remedy such as rent withholding, or organizing tenants in response to rental conditions.

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When the original tenant (sub-lessor) rents the entire property or a portion of the property (like a room) to second tenant (sub-lessee) with the permission of the landlord. The second tenant (sub-lessee) pays the original tenant, not the landlord. The original tenant, in turn, pays the landlord.

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A deposit is paid by the lessee and held by the lessor to ensure that the property is returned to the lessor in good repair at the end of the lease, with the exception of normal wear and tear. The lessor can use the money to repair damage or for rent owed but must return the balance, if any.

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A contract that is so harsh that a court considers it unconscionable (shockingly unfair). A court may refuse to enforce any agreement that is so unfair to one party that it offends the conscience of the court.

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The landlord's acceptance of the return of possession of the property before expiration of the lease which would terminate all obligations under the lease.

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Being liable for actions of another because of the relationship of the parties even when not directly committing the damaging act.

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Also known as URLTA, a federal act that was created in 1972 by the National Conference of Commissioners on Uniform State Laws in the United States to govern residential landlord and tenant (renter) rental agreements entered into or renewed after July 1, 1975.

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