

a la carte real estate services

Professional real estate services that are rendered one transaction at a time instead of the conventional full-service, commission-based brokerage relationship.

A-frame design

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

abstract of judgment

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

abstract or title search

The process of reviewing all recorded transactions in the public record to determine whether any title defects exist that could interfere with the clear transfer of ownership of the property.

accelerated cost recovery system

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

accelerated depreciation

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

acceleration clause

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

acceptance

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

access

Any means by which a person can enter property.

accessibility

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

accretion

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

acknowledgment

A written declaration affirming that a person acted voluntarily.

acre

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

acre-foot

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

active solar system

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

actual age

The number of years a structure has been standing.

ad valorem tax

Tax based on assessed property value.

add-on interest

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

addendum

An addition or change to a contract.

additional principal payment

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

adjustable rate mortgage (ARM)

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

adjusted cost basis

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

adjustment period

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

administrator

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

administrator's deed

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

adverse possession

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

adverse use

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

aeolian soil

Soil that is composed of materials deposited by the wind.

affiant

A person who makes a sworn statement.

affirmation

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

agency

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

agency closing

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

agency disclosure

Laws in most states require agents who act for buyers or sellers to disclose who represents whom in a real estate transaction. Laws vary widely by state.

agreed boundary

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

agreement of sale

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

air handler

Short for air-handling unit, the blower equipment in a furnace, heat pump, or similar appliance designed for circulating heated or cooled air through a central heating system.

air lot

A designated airspace over a piece of property.

air-handling unit

The blower equipment in a furnace, heat pump, or similar appliance designed for circulating heated or cooled air through a central heating system.

alcove

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

alienation clause

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

or transferred.

alkali

Mineral salt found in soil.

alkaline soil

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

alley

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

allowance

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

alternative mortgage

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

aluminum siding

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

aluminum-clad windows

Wooden windows with aluminum covering the exterior.

amenities

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

American Society of Home Inspectors (ASHI)

Professional association of independent home inspectors whose members must meet the group's education and performance requirements. Call (800) 743-2744 for list of ASHI-certified inspectors in your area.

Americans with Disabilities Act (ADA)

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

amortization

The process of paying the principal and interest on a loan through regularly scheduled installments. Initially, most of each payment is applied toward interest owed, and later in the loan term increasingly applied toward principal.

amortization tables

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

amperage

The strength of an electrical current.

ampere

The basic unit used to measure electric current.

anchor bolt

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

annual

Any kind of plant that must be planted every year.

annual assessments

The process of placing a value on property for the strict purpose of taxation. May also refer to a levy against property for a special purpose, such as a street lighting or sewer assessment.

annual mortgagor statement

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

annual percentage rate (APR)

A measure of interest rate that expresses the cost of a mortgage as a yearly rate on the loan balance. The

APR assumes the loan is held for its full term. For adjustable-rate loans, the APR assumes the loan's index doesn't change from its initial value.

annuity

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

anticipatory breach

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

antioxidant compound

A substance applied to aluminum wiring connections to seal and promote conduction.

appellant

A taxpayer or representative who appeals to a higher tribunal.

application

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

application fee

Includes any fees that are paid upon application. An application fee may include charges for property appraisal and a credit report, if those fees are not reported separately.

appraisal

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

appraisal fee

The fee that a professional real estate appraiser charges to appraise, or estimate the market value of, a property.

appraisal report

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

appraised value

An opinion of the current market value of a property.

appreciation

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

approval

A thorough assessment made by a lender of a borrower's ability to pay for a home, and a confirmation of the amount the borrower may obtain.

APR (annual percentage rate)

A measure of interest that expresses the cost of a mortgage as a yearly rate on the loan balance. The APR assumes the loan is held for its full term. For adjustable-rate loans, the APR assumes the loan's index doesn't change from its initial value.

apron

A paved area, such as the junction of a driveway with the street.

aquastat

A thermostat submerged in water and used to control the operation of a device.

arbitration

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

arbor

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

arc

A spark between two electrical points.

arch

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

arch surrounds

Half-round or elliptical trim mounted above a door or window for decorative purposes.

architect

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

architectural fees

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

ARM (adjustable rate mortgage)

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

ARM index

A publicly published number used to adjust the interest rate for an adjustable rate loan (ARM). An index (such as Treasury bills or the prime rate) reflects the lender's cost of credit, and is not controlled by individual lenders.

arpent

A French measurement of land equal to .84625 acres.

array

A term used by tax assessors to describe a list of properties in a certain category sold within a given period of time.

as-is condition

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

asbestos

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

ASHI (American Society of Home Inspectors)

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asking price

A seller's initial price for a property.

assemblage

The combining of two or more adjoining lots into one larger tract to increase total value.

assessed value

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

assessment

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

assessment rolls

A list of taxable property compiled by the assessor.

assessor

An official who determines the assessed value of a property.

assets

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

assignment

The transfer of rights to pay a debt from one party to another, with the original party remaining liable for the debt if the second party defaults.

assignor

A person who transfers rights and interests of a property.

assumable mortgage

A mortgage that can be transferred to another borrower.

assumption clause

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

assumption fee

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

automatic extension

A clause in a listing contract stating that the agreement will automatically continue for a certain period of time after the expiration date. This is discouraged and prohibited in many states.

automatic flue damper

A device in the flue of a heating unit that closes to prevent heat loss when the unit is not in operation.

average price

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

avigation easement

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

awning windows

Single-sash windows that tilt outward and up.

back title letter

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

back-end ratio

A lender calculation that compares a borrower's total debt (principal, interest, property taxes, and insurance, plus other monthly debt payments) to gross monthly income.

back-to-back escrow

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

backerboard

A rigid board used beneath tile.

backfill

Soil used to solidify the foundation of a structure

backsplash

The area behind and above a countertop, typically covered to prevent water from splashing onto the wallboard.

backup offer

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

backwater valve

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

baffle

A device used as a heat shield to deflect the byproducts of combustion.

balance sheet

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

ball cock

One type of inlet valve assembly inside a toilet tank that, when opened automatically, fills the tank with

water.

ballcock assembly

The toilet tank mechanism that controls flushing.

balloon loan

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

balloon payment

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

balloon-frame construction

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

baluster

Intermediate vertical support for a stair railing, often made from turned hardwood.

balustrade

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

bankruptcy

A proceeding in which an insolvent debtor can obtain relief from payment of certain obligations. Bankruptcies remain on a credit record for seven to 10 years and can severely limit a person's ability to borrow.

bargain sale

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

base loan amount

The amount upon which loan payments are based. If the borrower finances his or her closing costs, those costs will be added to the base loan amount.

baseboard

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

baseboard electric heat

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

basement

The area of a home below ground level.

basis point

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

batten

A narrow piece of material used on the outside of a house to cover joints in walls.

bay

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

bay window

A window that projects outward in a curve.

bearing wall

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

before-tax income

Total income before taxes are deducted.

beneficiary

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

bequest

Personal property given to a person through a will.

berm

A built-up lip of concrete designed to prevent runoff water from entering the garage or driveway.

betterment

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

betterment

An improvement that increases the property's value.

bi-level

A home that has two levels. Typically, a garage or storage area is situated in the lower level and the home in the upper section. Most bi-level structures were built after 1950.

bi-metal coil

Part of a mechanical thermostat. Consists of two different types of metal that expand and contract at two different rates with changes in room temperature.

bid out

The process that contractors use to estimate the cost of a house or project before it is completed.

bidding war

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

bilateral contract

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

bill of sale

A document that transfers ownership of personal property.

binder

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

binder

A preliminary agreement between buyer and seller.

biweekly mortgage

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

blanket insurance policy

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

blanket mortgage

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

blighted area

A neighborhood that has deteriorated.

blind nailing

Nails driven into a wall and concealed with putty.

blockbusting

The illegal practice of inducing homeowners to sell their properties by making representations regarding the entry of a particular race into the neighborhood.

blue-ribbon condition

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

blue-sky laws

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

blueprint

The plan for a home or other structure.

board and batten

A type of siding composed of vertical boards and batten slats that cover wall joints.

board foot

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

board of equalization

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

board-and-batten siding

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

boilerplate

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

bona fide

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

bond

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

bonus room

A room with no specifically designated function, unlike a living room, bedroom, or kitchen.

book value

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

boot

A piece of sheet metal that connects a heating or cooling duct and a vent.

boring test

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

borough

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

borrow

Sand, gravel, or other material used for grading.

borrow pit

The hole at a site that has been excavated.

boulevard

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

boundary

The dividing line between two adjacent properties.

braced framing

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

bracing

The technique used to reinforce a structure.

branch circuit

An electrical circuit with its own circuit breaker in the service panel.

breach of contract

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

breach of covenant

The failure to obey a legal agreement.

breach of warranty

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

break-even point

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

breezeway

A roofed passageway with open sides.

brick

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

brick veneer

A brick facade on a wall or fireplace.

bridge loan

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

broker

Anyone who acts as a go-between. A real estate broker is licensed to handle property transactions and operate a brokerage firm. A mortgage broker is an individual or firm that matches borrowers to lenders and loan programs for a fee.

brokerage

The act of bringing together two or more parties in exchange for a fee or commission. Real estate brokerages are firms or companies that are licensed to conduct real estate transactions.

broom clean

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

brownstone

A vintage row house constructed of red sandstone.

buffer strip

A parcel of land that separates two or more properties.

buildability

The feasibility of constructing a home or other structure on a piece of land. Parcels for which a building permit cannot be obtained may be considered "unbuildable."

builder upgrades

Extra features or better finishing materials offered by a builder.

building and loan association

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

building code

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

building inspector

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

building line or setback

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

building moratorium

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

building paper

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

building permit

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

building restrictions

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

built-ins

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

bulkhead

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

bundle of rights

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

bungalow

A small one-story house or cottage.

butt

The way in which two boards meet so that the ends touch in a continuous line.

butterfly roof

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

buydown mortgage

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

buyer's agent

An agent representing a buyer in a home purchase, either as a single agent or as an exclusive buyer's broker.

buyer's broker

A real estate broker who exclusively represents the buyer's interests in a transaction and whose commission is paid either by the buyer or through the seller or listing broker at closing.

buyer's market

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

buyer's remorse

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

Buyers Resource Real Estate

National buyer's brokerage company with offices in 13 states. Call (800) 359-4092 for information and referrals.

Buyers' Home Finding Network

National referral service for buyer's brokers only. Call (800) 500-3569 for information and referrals.

bylaws

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

California Real Estate Inspection Association

Also known as CREIA. A trade organization of home inspectors whose members must meet the group's education and performance requirements. Call (800) 388-8443 for list of CREIA-certified inspectors in your area.

call option

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

can light

An incandescent light inside a metal can that is mounted flush with the surface.

can lights

Cylindrical chambers with bulbs recessed into the ceiling.

cancellation clause

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

cantilever

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

cap

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

Cape Cod style

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

capital

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

capital

The decorative top of a column or pilaster.

capital expenditure

The cost of making improvements on a property.

capital gain

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

capital gains tax

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

capital improvement

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

capitalization

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

capitalization rate

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

caravan

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

carport

A roof that covers a driveway or other parking area.

carryback financing

Financing in which a seller agrees to take back a note for a set amount of the sale of the home.

casement window

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

cash flow

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

cash-out refinance

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

cashier's check

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

casing

The trim that encircles a window or door opening, hiding the gap between the door or window jamb and the wall's surface.

cathedral ceiling

A high, open ceiling formed by finishing exposed roof rafters.

caulk

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

caveat

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

caveat emptor

A legal principle stating that a buyer is responsible for ensuring the quality of goods purchased. From Latin, "let the buyer beware."

cavedium

A courtyard or atrium.

CD (certificate of deposit)

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

ceiling fan

A large, ceiling-mounted paddle fan. Also known as a Casablanca fan.

ceiling height

The standard height of a ceiling is eight feet.

center mullion

A cabinetry term referring to the vertical piece of wood on the front that divides the opening into two parts.

central air conditioning

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

central business district

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

certificate of deposit (CD)

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

certificate of deposit index

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

certificate of eligibility

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

certificate of occupancy

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

certificate of sale

A document issued at a judicial sale that entitles the buyer to receive a deed after court confirmation of the purchase of the property.

Certified International Property Specialist (CIPS)

An advanced designation issued by the National Association of Realtors (NAR) to members who meet specific performance and education requirements for handling international real estate transactions.

Certified Real Estate Brokerage Manager (CRB)

An advanced designation issued by the National Association of Realtors (NAR) to members who meet specific performance and education requirements for real estate office management.

Certified Residential Specialist (CRS)

An advanced designation issued by the National Association of Realtors (NAR) to members who meet specific performance and education requirements for handling residential real estate transactions.

chain of title

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

chair railing

Decorative trim installed on a wall about 32 inches above the floor to protect against scuffs from furniture.

change frequency

The adjustment schedule on an adjustable rate mortgage.

change order

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

chase

A shielded vertical shaft that houses various pipes, drains, ducts, and flues.

chattel

Personal property such as furniture, clothing, or a car.

chattel mortgage

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

chimney back

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

chimney cap

A concrete cap that surrounds the top of the chimney brick. The cap protects the masonry from rain and other elements.

chimney flue

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

chimney pot

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

chipboard

A board made of wood chips glued together under pressure.

cinder block

A block made of ash and cement, used in construction.

cinder fill

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

circuit

Short for electrical circuit, a complete circuit requires two electrical conductors (wires), an electrical source, and an electrical device such as a light. Electricity travels through one "hot" wire from the source to the device where it is converted into light, heat, or energy, then it returns along the other "neutral" wire to the source.

circuit breaker

A switch-like device in an electrical circuit that is designed to shut down the circuit in the event of an electrical overload or short circuit. Circuit breakers are normally installed in main electrical panels or subpanels.

circuit breaker

A switch-like device in an electrical circuit that is designed to shut down the circuit in the event of an electrical overload or short circuit. Circuit breakers are normally installed in main electrical panels or subpanels.

cistern

A tank used to store rainwater.

clanboard

A type of siding, typically cedar, composed of overlapping horizontal boards.

classified property tax

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

cleanout

An opening in the drainage system for the removal of obstructions. It also refers to the part of a fireplace from which ashes can be removed.

cleanout

A Y-shaped fitting with a cap or plug on one of the arms of the Y that can be removed in the event of a drain clog to snake out the drain line.

clear title

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

clevis

Part of the assembly needed to raise and lower a sink or tub pop-up. The clevis is a pin that connects to a pivot rod.

closing

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

closing costs

Expenses incidental to the sale of real estate, including loan, title, and appraisal fees. These costs exist in addition to the price of the property and are paid at closing. Some are one-time expenses and some are recurring.

closing statement

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

cloud on title

An invalid encumbrance on real property.

cluster development

A method of squeezing more homes into less space.

co-housing

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

co-insurance

Coverage that involves the use of two or more insurers.

co-maker

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

co-signer

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

CO/ALR

A designation on special light switches and outlets intended to be installed with aluminum wiring.

codicil

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

collar beam

The structural element that connects roof rafters.

collateral security

Additional security that a borrower supplies to obtain a loan.

collection

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

collusion

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

colonia

Unincorporated communities along the border between the United States and Mexico.

column

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

column footing

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

combination door

An outer door with interchangeable screen and glass panels.

combination window

A window with interchangeable screen and glass panels.

combustion gases

The fumes or exhaust from a gas- or oil-burning appliance such as a water heater or furnace. Combustion gases are usually vented through a flue.

commercial bank

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

commercial property

An area that is zoned for businesses.

commingling

The mixing of money held in trust with other funds.

commission

A negotiable percentage of the sales price of a home, paid to the agents of the buyer and seller.

commitment

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

commitment fee

A fee charged by the lender to guarantee a specific set of loan terms to be honored at some future date.

common area

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

common law

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

common-area assessments

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

common-interest development

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

community property

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

Community Reinvestment Act

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

commute

The distance and time it takes a person to reach his or her workplace.

comparables

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

comparative market analysis

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

competent

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

compound interest

The interest paid on the principal balance of a mortgage plus accrued interest.

compressor

Motorized equipment in a refrigeration (or air conditioning) system that circulates coolant through the system.

concrete tilt-up

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

condemnation

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

condensate drain

A drain required by a dehumidifier, high-efficiency furnace, or similar appliance to carry away condensation.

condensate pump

A small pump used with high-efficiency furnaces or other appliances that create significant condensation. It activates when water collects to a certain level and pumps it out to a drain.

condenser

Part of a refrigeration (or air conditioning) system that pressurizes refrigerant to cool it by changing it from a vapor to a liquid. On a refrigerator, the condenser is the coil on the outside of the unit; an air conditioner's condenser is usually outside the house.

conditional commitment

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

conditional sale

A contract for the sale of property stating that the title will remain invested in the seller until the conditions of the contract have been fulfilled.

condominium

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

condominium conversion

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

conduit

A metal pipe that houses electrical wiring.

conforming loan

Any loan that meets the qualifications to be purchased by Fannie Mae or Freddie Mac. The current conforming loan limit is \$252,700.

consent judgment

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

conservator

A court-appointed guardian.

consideration

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

construction budget

Funding arranged by an owner for the construction of a project.

construction documents

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

construction loan

A short-term loan for home or building construction. The lender disburses the funds in stages.

construction-to-permanent loan

A construction loan that is converted to a longer-term traditional mortgage after construction has been completed.

Consumer Credit Counseling Service (CCCS)

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

contemporary style

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

contiguous lots

Pieces of property that are adjoined.

contingency

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

contingency listing

A property listing with a special condition attached.

contingent fee

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

continuity tester

A simple, battery-powered tool that indicates whether an electrical circuit is complete or incomplete by lighting or buzzing when you touch its two probes to the wires.

contract

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

contract for deed

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

contract to purchase

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

contractor

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

contractual lien

A voluntary obligation such as a mortgage or trust deed.

controlled growth

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

conventional loan

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

conversion

The exchange of personal or real property of one character for another.

convertible adjustable-rate mortgage

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

conveyance

The transfer of title of property.

conveyance tax

A tax imposed on the transfer of real property.

cooperating broker

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

cooperative corporation

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

cooperative mortgage

Any loan related to a cooperative residential project.

cooperative project

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

corbel

A short block or bracket projecting from a wall and providing support for a horizontal member.

corner bead

A reinforcement placed in the corner where two walls intersect.

corner influence

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

cornice

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

corporate relocation

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

corrective work

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

cost-plus contract

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

cottage

A small, one-story house.

counterbore

A hole drilled to recess the head of a screw.

counteroffer

A response to an offer.

courier fee

Fee charged at closing to cover the delivery of documents between lenders, escrow companies, and other parties during a real estate transaction.

covenant

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

covenants, conditions, and restrictions (CC&Rs)

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

craftsman style

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

crawl space

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

creative financing

Innovative home-financing arrangements that help sell a property.

credit

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

credit history

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

credit life insurance

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

credit rating

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

credit report

A detailed account of an individual's credit, employment, and residence history. A lender uses this report to determine a loan applicant's creditworthiness. The three largest credit bureaus are Trans Union Corp., Equifax, and Experian (formerly TRW).

credit repository

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

credit union

A nonprofit cooperative organization that provides banking and financial services such as mortgages, home improvement loans, and home equity loans to its members.

creditor

An individual or institution to whom a debt is owed.

CREIA

Abbreviation of California Real Estate Inspection Association, a trade organization of home inspectors whose members must meet the group's education and performance requirements. Call (800) 388-8443 for list of CREIA-certified inspectors in your area.

cross-bridging

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

crown

A piece of molding around the top of a room.

CU/AL

A designation on standard light switches and outlets that intended to be installed with copper wiring.

cul-de-sac

A street or alley that is closed at one end.

cupola

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

curable defect

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

curb appeal

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

current value

The value of a home at the time of appraisal.

curtain wall

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

custom builder

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

custom home

A structure designed by an architect hired by the owner.

cylindrical lockset

The familiar type of doorknob mechanism found on most interior (and some exterior) doors, designed to fit into a large hole bored through the face of a door's stile

damper

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

days on the market

The period of time a property is listed for sale prior to being sold or taken off the market.

deadbolt lock

A lock that requires a key to open from the outside and a turn button from the inside.

debt

Any amount one person owes to another.

debt assumption letter

The formal transfer of debt from one party to another, backed by a contract of assumption signed by both parties. Also known as assignment of debt.

deck

A roofless, floored area that adjoins a house.

decorating allowance

An amount of money supplied by the seller and held in escrow for the buyer, to be applied toward negotiated decorating changes.

deed

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

deed of trust

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

deep-seal floor drain

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

default

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

deferred maintenance

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

delinquent mortgage

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

density test

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

dentils

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

deposit

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

depreciation

The decline in value of a piece of property.

design/build

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

designer

Unlike architects, designers are limited to drawing blueprints.

digital images

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

dimension plans

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

dimensional lumber

Single pieces of lumber sawed to standard dimensions.

dimmer

A light switch that controls the brightness of one or more lights. Most allow a full range of control from full off to full on.

dimple

To create a slight dent with a light blow of a hammer when driving a nail. This technique is typically used when hanging drywall to provide a tiny pocket for receiving drywall compound.

dip tube

An extension of the water supply line into a storage tank. This delivers water close to the heat source on the bottom of a water heater.

disability insurance

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

disclosure

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

discount points

Fees that a borrower pays when the lender makes the loan, to get a lower interest rate. Lenders offer various rate/point combinations, and borrowers pay points to adjust the interest rate to the market rate. One point equals one percent of the loan amount.

distressed property

Property that is in poor physical or financial condition.

document needs list

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

documentation preparation

A fee charged by the settlement agent (escrow company or attorney) to ready the necessary paperwork for closing.

domed ceiling

A hemispherical ceiling that projects upward without support.

domicile

A person's primary or permanent home.

dormer

A window set upright in a sloping roof.

double-hung window

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

dovetail joints

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

dowel

A length of wood that is round in profile and made of hardwood (round lengths of softwood are called rounds).

dowel plug

A short piece of a wooden dowel typically fitted into a counterbored hole to hide the head of a screw.

down payment

The difference between purchase price and the portion of the purchase price financed by a lender. Most lenders require that the down payment come from the buyer's own funds, but may also allow gifts from relatives.

downspout

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

drain auger

Also called a snake. A long, coiled-wire tool that you can unwind and push into a drain line to free a clog.

drain flange

The round metal trim that fits into the hole at the bottom of a sink or bathtub. The stopper or pop-up fits into this flange to retain water in the sink or tub.

drain valve

A valve used to drain a water storage tank in order to perform maintenance or replacement.

drainage

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

drainpipe

Part of a home's plumbing system that carries waste to the sewer or septic system. Most residential drainpipes are from 1½ to 4 inches in diameter.

draw

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

drip caps

Angled strips of metal flashing that are designed to protect the eaves from water damage. With an L-shaped profile, they tuck under the first course of shingles and extend down over the fascia.

drip loop

A loop in the service conductor that minimizes the chance of water penetration.

dropped ceiling

A flat ceiling built lower than the original ceiling.

dry rot

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

drywall

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

dual agency

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

dual agent

An agent who represents both the buyer and the seller in a transaction. Some states require strict disclosure of this arrangement to consumers.

duct

A rigid metal or flexible insulated tube, designed to deliver air to and from a furnace or other air-handling unit.

duct

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

ductwork

A system of large tubes, pipes, or channels (ducts) designed to deliver air to and from a furnace or other air-handling unit.

due-on-sale clause

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

duplex

A structure that consists of two separate family units.

duplex receptacle

An electrical outlet that accepts two lighting or appliance plugs.

Dutch colonial style

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

early occupancy

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

earnest money

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

earthquake insurance

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

easement

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

eaves

The projecting overhang at the lower edge of a roof.

effective age

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

effective gross income

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

efflorescence

White, powdery substance on concrete, stucco, or other masonry caused by water-soluble salts leaching to the surface.

electric service panel

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

electronic transfer

The process of having a mortgage payment automatically deducted from a borrower's checking or savings account. Many lenders offer this service.

elevations

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

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

ell

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

eminent domain

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

employer-assisted housing

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

empty nesters

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

encroachment

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

encumbrance

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

encumbrance

Any right or interest in property interfering with its use or transfer.

end loan

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

endorser

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

English Tudor style

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

environmental impact statement

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

environmentally friendly home construction

A method of construction that utilizes recycled materials.

Equal Credit Opportunity Act (ECOA)

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

equalization

A mass appraisal or reappraisal of all property within a jurisdiction for the purpose of equalizing values to assure that each taxpayer is bearing a fair share of the tax load.

Equifax

Equifax Credit Information Services, Inc., is one of the "Big Three" credit-reporting bureaus that operate nationwide. Address: P.O. Box 740249, Atlanta, GA 30374. URL: <http://www.equifax.com>. Phone: (800) 685-1111.

equity

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

errors and omissions insurance

A policy that pays for mistakes made by a builder or architect.

escheat

A situation in which the ownership of property reverts to the state when the owner dies without leaving a will.

escrow

A neutral third party holds documents and money for a real estate transaction and ensures that all conditions of a sale are met. Also refers to a special account that a lender uses to hold a borrower's monthly payments on property taxes and insurance.

escrow account

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

escrow agent

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

escrow analysis

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

escrow closing

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

escrow company

A firm that acts as a neutral third party to ensure that all conditions established by the buyer, seller, and lender in a real estate transaction are met.

escrow payment

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

estate

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

estimated closing costs

An estimate of expenses incidental to the sale of real estate, including loan, title, and appraisal fees. These costs are in addition to the price of the property, and are prepaid at closing. Some are one-time expenses and some are recurring.

estimated hazard insurance

An estimate of hazard insurance, also known as homeowner's insurance or fire insurance, to cover physical risks such as fire and wind damage. Lenders usually require coverage at least equal to the replacement value of the home.

estimated property taxes

An estimate of property taxes to be paid semiannually, or monthly if the lender requires. The amount is based on local tax rates and assessed property value, which is based on the most recent sale price plus assessment updates (subject to local policies).

estimated taxes and insurance

A calculation of monthly estimated taxes and insurance, used by a lender to evaluate a borrower's effective monthly housing expense.

estoppel

Agency situation in which one party incorrectly states that another person is the agent, and a third person relies on that representation.

European style

A cabinetry term referring to a style of cabinet without a face frame. Also known as box cabinets.

evaporator

A system of coils in a refrigeration (or air conditioning) system that, when filled with cold refrigerant, cools the air around it. On a refrigerator, the evaporator is the coil inside the unit; an air conditioner's evaporator is inside the plenum on the furnace or air-handler.

eviction

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

examination of title

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

excavation

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

exceptional depreciation

A term used to describe damages to a building that are not the result of normal wear and tear.

exclusive agency

An agreement to employ a particular broker. If another broker makes the sale, both are entitled to commissions.

exclusive buyer's agent (EBA)

An agent, company, or franchise working exclusively for buyers as a fiduciary agent. EBAs do not represent sellers or list properties.

exclusive listing

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

executed contract

A contract in which all parties have fulfilled their promises.

executor

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

exemption

The removal of property from the tax base. An exemption may be partial or complete.

exfiltration

Air leakage from a building's interior to the environment.

exhaust fan

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

Experian

Experian, formerly known as TRW Information Systems & Services, is one of the "Big Three" credit-reporting

bureaus. Address: 505 City Parkway West, Orange, CA 92868. Phone: (800) 392-1122.

express agreement

An contract in which the parties express their intentions in words.

façade

The part of a building facing a street or courtyard.

facilitator

A real estate professional who assists in a transaction but does not have a agency relationship with that party. Also known as transaction broker or intermediary.

Fair Credit Billing Act

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

Fair Credit Reporting Act

A federal law designed to regulate procedures and prevent old or inaccurate information from staying in consumer credit files. The act gives individuals the right to inspect their own credit files, although the credit bureau may charge a fee.

Fair Debt Collection Practices Act

A federal law which outlaws debtor harassment, and regulates collection agencies, original creditors' collection offices (if separate), and creditors' lawyers. The original creditor may be covered by state law.

Fair Housing Act

Landmark federal law that makes it illegal to refuse to rent or sell to anyone based on race, color, religion, sex, or national origin. The 1988 amendments to the act expanded the protections to include family status and disability.

Fannie Mae

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

Farmer's Home Administration (FmHA)

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

fascia

A flat board that runs horizontally along the eaves of a roof, typically capping the ends of the roof rafters to give the roof edge a more finished look and provide a base for attaching gutters.

Federal Home Loan Mortgage Corporation (FHLMC)

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

Federal Housing Administration (FHA)

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

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Federal National Mortgage Association (FNMA)

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

Federal Reserve Board

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

Federal style

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

Federal Trade Commission (FTC)

The government agency that regulates companies and industries, from credit bureaus and collection agencies to timeshare operators and some creditors. National headquarters: Sixth and Pennsylvania Avenue NW, Washington, D.C. 20580. Phone: (202) 326-2222.

fee simple

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

fee simple absolute

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fee simple defeasible

The owner of the property holds a fee simple title subject to certain conditions.

fenestration

A term referring to the way windows are arranged in a building.

feng shui

An ancient Chinese design philosophy in which the positioning and physical characteristics of the home are believed to affect the fortunes of the owner.

FHA loans

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

fiduciary duty

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

field changes

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

fill dirt

Soil brought in to solidify a finished foundation.

filled land

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

financed closing costs

Closing costs that are added to the loan amount. This practice saves the borrower cash up front, but increases the borrower's monthly payment.

finder's fee

A fee in any amount that is paid to someone.

finish grade

A finish that prepares a lot for landscaping.

fire wall

A buffer composed of fire-resistant material.

firm commitment

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

first mortgage

The primary mortgage on a property. The first mortgage takes priority over all other voluntary liens.

fixed installment

The monthly payment on a home loan.

fixed time

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

fixed-rate mortgage

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

fixer-upper

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

fixture

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

flashing

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

flat fee

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

flat roof

A roof with a level surface.

flip switch

An electrical switch operated by pushing the control knob up or down.

float arm

A wire-like device in some types of toilets that attaches a float ball to the ball cock.

float ball

A round or oval ball that floats on top of the water inside the tank of some toilets. When it reaches its highest position, it shuts off the flow of water.

float floor drain

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

floating slab

A concrete floor that is not connected to the foundation wall.

floating wall

Walls built to withstand movement in the basement floor.

flood certification

The process of determining whether a property is located within a known flood zone. If the property is in a flood zone, the lender will probably require federally provided flood insurance.

flood insurance

Hazard coverage that is required in designated flood areas.

flood plain

Flat, flood-prone areas located along waterways.

floor area ratio

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

Florida rooms

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

flue

A chimney, usually made of metal, designed to exhaust unwanted gasses and byproducts from a combustion appliance such as a furnace or water heater. A fireplace also has a flue to carry away smoke.

flush door

A flush door has smooth surfaces, as opposed to a panel door, which has raised or recessed panels.

flush valve

The passageway between a toilet tank and bowl. When you flush a toilet, water rushes through the flush valve into the bowl.

flush valve seat

The seal in the passageway between a toilet tank and bowl. A stopper, flapper, or seat ball plugs the flush valve seat. When you flush a toilet, the seat is opened and water rushes through the flush valve into the bowl.

footing

A concrete foundation that supports a structure.

For Sale By Owner (FSBO)

The seller acts as the selling agent and handles the sales process directly with the buyer or buyer's agent. In this situation, the seller does not pay a listing commission.

forbearance

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

foreclosure

Legal process by which a lender ends the borrower's interest in a property after a loan is defaulted. The lender may sell the property and keep the proceeds for mortgage and legal costs, using excess proceeds to satisfy other liens or return to the borrower.

forfeiture

The relinquishing of property rights by a delinquent borrower.

foundation

The support structure of a house.

four-way switch

A device that uses three switches to permit an appliance or outlet to be operated from all three switches.

foyer

The entrance hall to a home or building.

framing

The construction of the skeletal framework of a house.

Freddie Mac

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

free-market lots

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

freehold estate

An estate in which ownership is for an indeterminate length of time.

French doors

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

front footage

The measurement of a parcel of land by the number of feet of street frontage.

front-end ratio

A lender calculation that compares a borrower's monthly housing expense (principal, interest, taxes, and insurance) to gross monthly income.

frontage

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

FSBO (For Sale By Owner)

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

full-service broker

A real estate broker who performs all transaction services including listing and selling.

fully amortized adjustable-rate mortgage

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

functional obsolescence

A loss in value to an improvement resulting from functional problems caused by age or poor design.

furnace

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

furring strips

Strips of wood used to support walls, ceilings, or floors on irregular or masonry surfaces.

fuse

A small device in an electrical circuit that is designed to shut down the circuit in the event of an electrical overload or short circuit

gable

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

gable decoration

A triangular filigree or panel fitted into the rake end of a gable roof.

gable roof

A ridged roof that forms a triangle at each end.

gag rule

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

gambrel roof

A roof with two slopes, often seen on barns.

gap

A defect in the chain of title; a missing document that raises doubt as to the true owner of the property.

gas valve

A small faucet-like device that controls the flow of gas to an appliance such as a gas water heater, dryer, or oven. When the handle is turned in line with the gas pipe, the valve is open; when it is perpendicular to the pipe, it's closed.

general contractor

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

general plan

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

general-purpose circuit

An electric circuit that supplies a number of outlets for lighting or appliances.

geodesic dome

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

Georgian style

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

gift

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

gingerbread decoration

An intricate, almost lacy, wood trim.

girders

Crossbeams that support floor joists.

glazed

A window that has been fitted with a glass pane. "Double glazed" refers to a window with double panes.

glazier's point

A small pointed metal clip that helps hold a pane of glass in a window frame.

good-faith estimate

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

Government National Mortgage Association (GNMA)

Commonly known as Ginnie Mae, this agency buys home loans from lenders, pools them with other loans and sells shares to investors. Unlike similar agencies Fannie Mae and Freddie Mac, Ginnie Mae only purchases loans backed by the federal government.

GPM (graduated-payment mortgage)

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

grace period

A specified amount of time in which a borrower may make a loan payment after its due date without penalty.

grade

The elevation of land above level ground.

grade level

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

Graduate Realtor® Institute (GRI)

A designation issued by the National Association of Realtors (NAR) to members who meet specific performance and education requirements for residential real estate sales.

graduated-payment mortgage

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

granny flat

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

grantee

A person to whom an interest in a piece of property is conveyed.

grantor

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

Greek Revival style

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

greenbelt

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

gross income

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

ground fault circuit interrupter

A device that detects leakage of electrical current to the ground and prevents accidental shock.

ground rent

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

group home

A single-family residence used as a living space for unrelated people who require special care or supervision.

grout

A type of mortar used to fill areas between tiles, stone, or marble.

growing-equity mortgage

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

guarantee mortgage

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

guaranteed sales program

A real estate brokerage program to purchase the seller's equity if the property does not sell during a predetermined period of time.

gutters

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

guy

A cable that guides or holds something, such as an antenna.

habendum clause

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

half-bath

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

handyman's special

A house in fixer-upper condition.

hardboard

A material made from wood fibers that is designed to simulate wood.

hardwood

Wood that comes from deciduous trees such as oak, walnut, and maple; typically used for fine interior finishes.

hazard insurance

Also known as homeowner's insurance or fire insurance, hazard insurance covers physical risks such as fire and wind damage. Lenders usually require coverage for at least the replacement value of the home.

head jamb

The top horizontal member in a door or window frame.

header

A crossbeam above a window or door.

heat anticipator

A component of a mechanical thermostat that shuts off the furnace or boiler just before the set temperature

is reached to prevent overheating.

heat pump

An electric cooling and heating system.

hectare

The equivalent of 2.471 acres

hiatus

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

high density

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

high-rise

Any building taller than six stories.

hip roof

A pitched roof with sloping sides.

historic preservation

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

historic structure

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

hollow-core door

A door with a hollow interior.

home equity conversion mortgage

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

home equity line of credit

An open-ended line of credit based on a homeowner's accumulated equity. Most loan amounts are limited to 75 to 85 percent of home's appraised value; withdrawals can be made at any time within the credit line's guidelines.

home equity loan

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

home inspection

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

home inspector

A professional who evaluates the structural soundness and operating systems of a residence.

home price

The price agreed upon by a buyer and seller, usually based on an appraisal of the house's market value. If there's a difference between price and appraised value, lenders will base their loan on the lower amount.

home rule

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

home warranty

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

homeowner's insurance

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

homeowners' association (HOA)

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

homeowners' association dues

Monthly payments due to a homeowners' association, to be used for maintenance and communal expenses. Condominiums, townhouse complexes, and planned unit developments (PUDs) may require monthly homeowners' association dues.

homeowners' warranty

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

homestead

A parcel of land used by the owner as a primary residence.

homesteading

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

homogenous

A term used to describe an area or neighborhood where the property types and uses are similar and compatible.

hopper window

A window that contains a single sash that tilts inward.

hose bibb

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

hot wire

An ungrounded conductor that carries electrical current from the source. Hot wires usually (but don't always) have black or red insulation.

house wrap

A polyethylene barrier wrapped around a house to save energy.

housing discrimination

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

housing expense ratio

The percentage of gross monthly income devoted to housing costs.

HUD

Abbreviation of (the U.S. Department of) Housing and Urban Development, a federal agency that oversees the Federal Housing Administration (FHA) and a variety of housing and community development programs.

HUD-1 Uniform Settlement Statement

A closing statement or settlement sheet that outlines

hugger

A type of ceiling fan that uses little vertical space. It is usually used in homes with low ceilings.

humidistat

Thermostat-like device that measures the amount of water vapor in the air and turns a humidifier or dehumidifier on and off accordingly.

HVAC

Heating, ventilation, and air conditioning.

impact fees

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

implied warranty of habitability

Legal doctrine stating that all new homes are assumed to be fit for human habitation and meet all building codes.

impounds

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

improvement

A change that adds value to a house, prolongs its useful life, or adapts it to new uses.

in-file credit report

A computer-generated report drawn from credit repositories and generally regarded as an objective history.

income property

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

incurable defect

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

independent contractor

A person hired to do a particular job, subject to the direction of a supervisor. An independent contractor pays for his or her own expenses and taxes, and receives no employee benefits. Most real estate agents are independent contractors.

index

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

Individual Retirement Account (IRA)

A tax-deferred savings account in which a person may accrue retirement funds.

infill development

Any significant new construction in an established area.

infill housing

Home construction in established areas.

infiltration

Air from the environment that penetrates a building.

inflation

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

infrastructure

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

initial interest rate

The original interest rate on an adjustable rate mortgage.

initial rate cap

A specific limit defined by some adjustable rate loans (ARMs) for the maximum amount the interest rate may increase at the expiration of the initial interest rate.

initial rate duration

Most adjustable rate loans (ARMs) offer an initial interest rate below the current market rate. This initial or "teaser" rate expires after a period called the initial rate duration, which may last months or years.

inlet valve

The mechanism inside a toilet tank that automatically fills the tank with water when the tank empties. The inlet valve is connected to the shutoff valve under the toilet.

inspection fee

A fee paid to determine the present physical condition of the home, required by the lender in order to supplement the information contained in the appraisal report.

inspection report

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

installment contract

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

installment sale

A real estate transaction in which the sales price is paid in installments.

instrument

A written legal document.

insulation

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

insurable title

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

insurance

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

insurance binder

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

interest

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

interest accrual rate

The rate at which interest accrues on a mortgage.

interest paid over life of loan

The total amount paid to the lender for the use of money during the time the money is borrowed.

interest rate

The fee, expressed as a percentage, charged for a loan. The interest rate also helps determine the monthly payment. For adjustable-rate loans, the interest rate may change from its initial level.

interest rate buy-down plans

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

interest rate cap

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

interest rate ceiling

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

interest-only loan

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

interim financing

Short-term financing used by sellers to bridge the gap between the sale of one house and the purchase of another (also known as bridge or swing loans). A construction loan is also a form of interim financing.

investment property

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

jack plane

A woodworker's tool designed for shaving off small amounts of wood. The workhorse of the plane family, a jack plane is a good length for truing up boards, fitting doors, and similar tasks.

jalousie window

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

jamb

A surface that lines an opening for a door.

joint liability

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

joint tenancy

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

joist

Part of the framing that provides the structure for a floor. In most homes, floor joists are made of 2-by-8s or larger lumber set on edge and spaced 16 inches apart, from center to center.

judgment

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

judicial foreclosure

A procedure to handle foreclosure proceedings as civil matters.

jumbo loan

Loans that exceed the conforming limits for mortgage loans. In 2003 the conforming limit was set at \$322,700 for first-time mortgages on single-family homes in the continental United States, and at \$484,050 for those loans in Alaska and Hawaii. Fannie Mae and Freddie Mac update the conforming limits on an annual basis.

junior mortgage

A loan that is subordinate to the primary loan.

key

A groove in the top of a footing.

keys

Little fingers of plaster that squeeze through lath. When they harden, these hold the plaster in place.

keystone

An angular block centered over a door or window in a header or mantle.

kick-out clause

A clause in a sales contract that allows a seller to accept one buyer's contingent offer, then back out without penalty if a second buyer makes a better offer.

kit home

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

knee wall

A wall-like structure that supports roof rafters.

knob-and-tube wiring

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

lally column

A circular pipe filled with concrete that supports girders and beams.

laminated

Plastic material used to seal countertops. Also known by the trademark name Formica.

lanai

A porch-like room or open-sided living room commonly found in homes in warm climates.

landscape

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

landscape architect

A professional who holds a degree in landscape architecture and is trained in horticulture, design, and planning.

landscape contractor

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

landscape designer

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

lap siding

A type of siding composed of horizontal boards with the bottom of one piece overlapping the top of the piece below it.

late charge

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

late payment

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

latent defect

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

lead

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

leader

A pipe that carries rainwater from the gutters to the ground, sewers, or wells.

lease

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

lease option

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

lease purchase

A type of delayed closing. The lease purchase contract sets the closing date and provides remedies to the seller if the buyer defaults.

leasehold

The limited interest in a property held by a tenant; primarily the right to inhabit it for a specified period of time. At the end of the lease, the property reverts to the owner or landlord.

leasehold estate

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

leasehold interest

The limited interest in a property held by a tenant; primarily the right to inhabit it for a specified period of time. At the end of the lease, the property reverts to the owner or landlord.

legal blemish

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

legal description

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

lender

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

lessee

A person to whom property is rented under a lease.

lessor

A person who rents property to another under a lease.

letter of intent

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

leverage

The use of a small amount of cash (for example, a 5 percent down payment) to buy a piece of property.

levy

The amount of money a governing body certifies to be raised from the property tax.

liabilities

A borrower's debts and financial obligations.

liability insurance

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

LIBOR

Acronym for "London Interbank Offered Rate." An index used to determine interest rate changes for adjustable rate mortgages.

lien

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

life cap

Limits the amount that a loan rate can change during the mortgage term. For example, if the rate on an adjustable-rate mortgage begins at 5 percent and has a life cap of 6 percentage points, it can't go over 11 percent.

life-cycle cost analysis

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

lifetime rate cap

In an adjustable rate loan (ARM), a maximum interest rate or "ceiling" that may not be exceeded under any circumstances over the entire life of the loan.

limited partnership

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

lintel

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

liquid assets

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

liquidated damages

A sum of money specified in the purchase contract to be paid by one party to the other in the event of a breach of contract.

liquidity

The ability to sell an asset at a price close to its true value and convert it into cash in a short period of time.

listing

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

listing agent

A broker or sales agent who has contracted with a seller to handle the marketing and sale of a piece of property.

listing broker

A real estate broker responsible for the listing of the property and representing the interest of the seller. (Also called a listor or seller's broker.)

listing inventories

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

live-in partnership

An arrangement in which two unrelated people purchase a home.

live-work space

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

load-bearing wall

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

loan application

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

loan application fee

A fee charged by lenders to cover expenses incidental to a loan application.

loan commitment

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

loan officer

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

loan origination fee

The lender requires a loan origination fee (or points) to cover the direct costs of arranging the loan.

loan term

The time set by a lender for a buyer to pay a mortgage. Most conforming loans have 30-year or 15-year terms. In the case of balloon loans, payments are based on the amortization period and a final payment due at term.

loan type

The type of loan determines its borrowing limit, down payment requirements, and qualifying rules. Available loan types include conforming, jumbo, FHA, and VA.

loan-to-value ratio (LTV)

The ratio of the total loan amount to the value of the property. For lending purposes, the value is equal to the purchase price or the appraised value, whichever is lower.

local improvement district (LID)

A legal district established by state law to benefit a specific area. Districts issue bonds to finance improvements such as sidewalks and sewer systems, then levy assessments on real estate in the affected area to repay funds.

lock-in

A lender's commitment to a borrower to guarantee (or "lock in") a specific interest rate for a limited amount of time.

lock-in period

A period of time during which the borrower is guaranteed an agreed-upon interest rate, even if market rates rise. The longer the period, the higher the cost (in points) to the borrower.

loft

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

log cabin

Homes constructed of rough-hewn timbers; a standard form of housing during the settlement of the United States.

louvers

Slatted panels mounted in the upper portion of a gable wall to provide attic ventilation.

low density

A low concentration of housing units in a specific area.

low down-payment loan

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

low-documentation loan

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

low-emissivity

A coating or film applied between panes of glass in high-efficiency glazing; abbreviated "low-E."

lowball offer

An offer made to a seller that is substantially below market value.

LTV (loan-to-value ratio)

The ratio of the total loan amount to the value of the property. For lending purposes, the value is equal to the purchase price or the appraised value, whichever is lower.

main girder

The main support running between foundation walls to carry the weight of a floor.

main water shut-off valve

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

maintenance fee

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

managed-competition lots

Lots in which buyers choose between one of several builders.

mansard roof

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

mantel

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

manufactured housing

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

margin

A percentage added to the index and fixed for the life of the loan. When the initial interest rate on an adjustable-rate loan has expired, the interest rate moves toward the sum of its index plus a margin.

market conditions

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

market value

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

marketable title

A good or clear title that is free of defects.

masonry

The brick or stone work on a building.

master-planned community

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

mastic

Construction adhesive, usually applied with a caulking gun.

material defect

Any defect in a specific property that could either affect a buyer's decision to purchase it or affect the property's value, such as a cracked foundation.

material fact

Any information about a specific property that could affect a buyer's decision to purchase it, such as an upcoming zoning change in the neighborhood.

maximum financing

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

mechanic's lien

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

mechanical systems

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

median price

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

mediation

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

merged credit report

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

meter

A device that measures electrical current or water flow to a property.

meter pan

A piece of equipment through which the service conductor runs.

metes and bounds

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

mint condition

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

miter

The manner in which two boards that meet at right angles are cut so that ends do not show. Miters are usually 45-degree cuts.

mixed-income housing

A neighborhood that contains houses of widely varying prices.

mixed-use development

A project that combines several different functions, such as residential space above a commercial

establishment or an entire development combining commercial, residential, and public accommodations

MLS (multiple listing service)

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

modification

A change in the terms of a loan agreement.

modified annual percentage rate (APR)

The modified APR is an index of loan cost based on the standard APR and adjusted for the time the borrower expects to hold the loan.

molding

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

money market account

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

money market funds

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

monolithic slab

A slab that is part of the footings.

monthly association dues

A payment due monthly to a homeowners' association, to be used for maintenance and communal expenses. Condominiums, townhouse complexes, and planned unit developments (PUDs) may require monthly homeowners' association dues.

mortar

Cement-based material that provides the base for brick, stone, and other masonry materials.

mortgage

In casual use, a sum of money borrowed to purchase a home at a certain interest rate using the property as collateral. In formal use, a mortgage is the legal document that pledges property as collateral for a loan.

mortgage acceleration clause

A clause that allows a lender to demand repayment of the entire loan balance in a lump sum under certain circumstances, such as when the home is sold, title is changed, the loan is refinanced, or the borrower defaults on a scheduled payment.

mortgage banker

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

mortgage broker

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

mortgage insurance

Required by lenders on some loans to protect lenders from a possible default. Most conventional loans with down payments or home equity percentages that are less than 20 percent of the home value require private mortgage insurance (PMI).

mortgage life insurance

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

mortgage-interest deduction

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

mortgagee

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

mortgagor

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

mortise lockset

A doorknob and latch set designed to fit into a rectangular pocket cut into the edge of a door.

motivated buyer

A buyer with a strong incentive to make a purchase.

motivated seller

A seller with a strong incentive to make a deal.

move-in condition

A house that is ready for a new occupant.

move-up buyer

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

mullion

A vertical dividing bar between windowpanes or panels.

multidwelling property

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

multifamily mortgage

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

multiple listing service (MLS)

A service that combines listings of all available homes in an area into one directory or database, with the exception of For Sale By Owner (FSBO) properties.

multiple offers

More than one purchase offer made on a property. Multiple offers commonly occur in seller's markets or hot neighborhoods.

municipal housing inspector

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

muntin

A wooden division that separates panes of glass in a multi-paned window or door.

NAHI (National Association of Home Inspectors)

A professional association of independent home inspectors whose members must meet the group's education and performance requirements. Call (800) 448-3942 for list of NAHI-certified inspectors in your area.

nail pops

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

NAR (National Association of Realtors)

A trade organization for real estate agents and brokers who become members by agreeing to abide by the organization's code of ethics. Members may call themselves Realtors.

NAR Code of Ethics

A formal code of ethics and standards of practice established by the National Association of Realtors (NAR) and by which its members must abide.

National Association of Exclusive Buyer Agents

National trade organization of buyer's brokers whose members do not accept property listings. Call (800)

986-2322 for information and referrals.

National Association of Home Inspectors (NAHI)

A professional association of independent home inspectors whose members must meet the group's education and performance requirements. Call (800) 448-3942 for list of NAHI-certified inspectors in your area.

National Association of Realtors (NAR)

A trade organization for real estate agents and brokers who become members by agreeing to abide by the organization's code of ethics. Members may call themselves Realtors.

National Council of State Housing Agencies

Nonprofit clearinghouse of information on local and state housing agencies. Consumers may call for names of agencies in their area. Phone: (202) 624-7710.

National Foundation for Consumer Credit

Nonprofit clearinghouse of information on nonprofit credit counseling centers nationwide. Consumers may call for names of centers in their area. Phone: (301) 589-5600.

needs-based pricing

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

negative amortization

Occurs when a borrower's monthly payment is too small to cover both the principal and interest of a loan, so the outstanding balance of the loan actually grows larger with each payment. Many adjustable rate mortgages are susceptible to this.

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negative-slope driveway

A driveway that drops from street level to the garage.

neo-traditional planning

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

net cash flow

Income from an investment property after expenses such as principal, interest, taxes, and insurance are subtracted.

net listing

A listing agreement in which the broker's commission consists of the amount above a net price set by the owner. If the net price is not met, a commission is not earned.

net worth

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

neutral bus bar

Grounded metal bar inside an electrical service panel or subpanel to which all neutral and grounding wires are connected.

neutral wire

A grounded conductor that carries electrical current back to the source from an electrical device. Neutral wires usually (but don't always) have white or gray insulation.

new urbanism

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

niche

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

no-cash-out refinance

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

no-competition lots

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

no-documentation loan

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

non-conforming loan

A non-conforming loan is any loan that doesn't meet the qualifications or is too large to be purchased by Fannie Mae or Freddie Mac. The current conforming loan limit is \$252,700.

non-liquid asset

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

non-solicitation order

An order issued by the secretary of state to brokers and agents, prohibiting them from soliciting listings in a designated area.

nonassumption clause

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

nonrecurring closing costs

One-time-only fees for items including an appraisal, loan points, credit report, title insurance, and home inspection.

nosing

The front edge of a stair tread that extends over the riser

not in my back yard (NIMBY)

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

note

A legal document that requires a borrower to repay a mortgage at a certain interest rate over a specified

period of time.

note rate

The interest rate specified in a mortgage note.

notice of default

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

novation

A release of liability to the first borrower of a loan, and the substitution of a subsequent borrower with the lender's approval.

O-ring

A small rubber ring that provides a water seal in faucets and other plumbing fittings.

obsolescence

Loss in value because a home's design and construction have become obsolete.

online real estate listings

Properties listed for sale on the Internet.

open house

A marketing tool in which a listing agent opens a house to the public for viewing.

open listing

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

open space

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

option

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

option listing

A listing agreement with a clause that gives the listing broker the right to purchase the property.

oral agreement

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

orange peel

A type of wallboard finish with a texture like that of an orange peel.

oriented-strand board

Often abbreviated "OSB," this is a relatively inexpensive manufactured wood panel that, like plywood, is sold typically in a 4-by-8-foot size and used for roof and wall sheathing.

original principal balance

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

origination fee

A fee charged by most lenders to cover the direct costs of arranging the loan; also called points. A point is 1 percent of the total loan amount.

ostensible agency

An implied agency relationship not involving a written agreement or documentation.

outbuilding

Any barn, shop, shed, or other structure located on a lot in addition to a house or other main building.

overflow plate

A small plate that covers an outlet near the rim of a sink or tub. If the water is left running, this allows it to

drain away to prevent overflows.

overflow prevention switch

A special air-pressure switch in a dehumidifier that turns the unit off when water in the reservoir rises to a certain level.

overhang

A protruding structural feature.

overimproved property

Property that could not be sold at a price high enough to recoup the costs of improvements.

owner financing

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

panel

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

panel

Electrical distribution box with circuit breakers, fuses, and terminals, to which household wiring is connected.

panel door

A door with a frame of horizontal rails and vertical stiles that surround raised or recessed panels—a type of construction that allows a door to expand and contract with changes in moisture and weather without cracking or warping.

paneling

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

parcel

An officially described piece of land.

parge

A coating applied to a foundation wall to prevent water leakage.

parking strip

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

particleboard

A board composed of wood chips glued together under pressure. It is similar to chipboard, but has a higher density.

partition

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

partnership

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

party wall

A wall built along the boundary between two properties.

pass-through

An opening in a wall between the kitchen and breakfast or dining room used to pass dishes.

passive loss

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

passive solar system

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

patent defect

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

patio

An interior courtyard or a paved backyard area.

payment cap

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

pediment

Peaked, rounded, or other decorative panel above a doorway.

per-diem interest

Interest charged or accrued daily.

percolation test

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

perennial

Any plant that produces leaves, flowers, and seeds from year to year, such as an iris or peony.

pergola

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

personal property

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

pest-control inspection

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

photoelectric switch

A switch that turns lights or other electrical devices on or off depending upon the light. An example of a photoelectric switch is a switch that turns on outdoor lights at dusk.

pier

A rectangular masonry support column.

pigtail

A short wire connected to another wire, usually with a wire nut. Normally two or more pigtails are connected to a single wire for the purpose of making connections to multiple objects (two sockets, two switches, etc.).

pigtail cord

A short electrical cord with an integral plug, designed to be attached to an appliance.

pilasters

Decorative vertical columns attached to the wall or frame at each side of a doorway.

pilot

The flame or electronic control that ignites gas or oil burners.

pilot light

A small, continually burning gas flame inside a gas-fired water heater, dryer, range, or similar appliance. This flame ignites the appliance's gas burner.

pipestem lot

A lot connected to the street by a narrow strip of land.

pitch

The slope of a roof. Pitch is the ratio of vertical rise to horizontal run.

PITI (principal, interest, taxes, and insurance)

A payment amount calculated by the lender to include the principal, interest, taxes, and insurance on an amortizing loan. The figure is designed to represent the borrower's actual monthly mortgage-related

expenses.

pivot rod

On a sink or tub pop-up assembly, a rod that runs through a rubber pivot ball and that slopes slightly uphill to the tailpiece of the stopper. Pushing the knob and the lift rod down causes the pivot rod to push the stopper up; pulling the knob causes the pivot rod to pull the stopper down.

plane

A woodworker's tool designed for shaving off small amounts of wood. Several different types are available. The longer the plane, the more evenly it will flatten a surface.

planned community

A concept dating back to the 19th century that describes any town or neighborhood built with certain guidelines or goals in mind.

planned unit development (PUD)

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

plaster

A labor-intensive wall finish consisting primarily of lime, sand, and water.

plat book

A public record containing maps showing the division of streets, blocks, and lots, and indicating the measurements of the individual parcels.

plate

The bottom or top piece of a wall.

plenum

Heat distribution box on a furnace or central air-handling unit. The ductwork that delivers heated or cooled air to the home connects to this.

PMI (private mortgage insurance)

A form of insurance required by a lender when the borrower's down payment or home equity percentage is less than 20 percent of the home value. This insurance partially protects the lender if the borrower defaults on the loan.

pocket door

A type of interior door that slides into a pocket in a wall.

pocket door

A sliding door that recesses into the wall when opened.

point

An amount equal to 1 percent of the loan amount. Points may be paid by the borrower at the time the loan is made to get a lower interest rate. Lenders offer various rate/point combinations.

porch

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

porte-cochère

A porch-like roof extending over a driveway.

portfolio lender

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

portico

A porch supported by a row of columns.

possession

A buyer officially takes possession of a house upon signing the closing papers and receiving the keys.

power of attorney

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

pre-approval

A thorough assessment made by a lender of a potential borrower's ability to pay for a home, and a confirmation of the amount to be borrowed. The completion of a loan application is necessary to close the loan.

pre-approval letter

A letter from a lender that states the amount of money a potential buyer can obtain.

pre-sold home

A home that is sold before it is built.

prepaid expenses

Expenses including taxes, insurance, and assessments that are paid before the due date.

prepaid fees

Funds collected by the lender from the borrower to pay certain recurring items in advance, including interest, property taxes, hazard insurance, and, if applicable, private mortgage insurance (PMI).

prepaid interest

Interest paid before it is due. For example, at the close of a real estate transaction the borrower may prepay interest that will accrue between closing and the first monthly payment.

prepayment penalty

A penalty that a lender may impose on a borrower who pays a loan off before its expected end date.

prequalification

A lender's preliminary assessment of a buyer's ability to pay for a home, and an estimate of how much the buyer may borrow.

pressure relief valve

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

price range

The upper and lower limit of what a buyer is willing to pay for a home.

prime lending rate

The minimum short-term interest rate charged by commercial banks to their most creditworthy clients. Home loan rates typically are several points above the prime rate, which is also used as the basis for mortgages, business loans, and personal loans.

primer

The initial coat of paint or sealant applied to a surface to prepare it for painting.

principal

The amount of money originally borrowed in a mortgage, minus any payments made subsequently.

principal

The seller, the broker, or the agent's client.

principal and interest

Principal (the capital sum) and interest on the principal are combined in the mortgage payment to result in full repayment at the end of the loan's term (except in the case of balloon loans).

principal paid over life of loan

The sum of scheduled principal payments are calculated by the lender to equal the face amount of the loan.

principal, interest, taxes, and insurance (PITI)

A payment amount calculated by the lender to include the principal, interest, taxes, and insurance on an amortizing loan. The figure is designed to represent the borrower's actual monthly mortgage-related

expenses.

principle of conformity

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

principle of progression

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

principle of regression

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

privacy fence

A structure erected between two pieces of property.

private mortgage insurance (PMI)

A form of insurance required by a lender when the borrower's down payment or home equity percentage is less than 20 percent of the home value. This insurance partially protects the lender if the borrower defaults on the loan.

probate

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

processing fee

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

procuring cause

Legal term used to determine whether a broker is entitled to a commission.

production home

Homes that are mass-produced by one builder.

programming

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

project budget

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

property line

The official dividing line between properties.

property report

A disclosure filed with the state when a time-share project or subdivision is sold.

property tax

Tax paid on privately owned property. Property taxes are usually paid semiannually, or monthly if the lender requires. The amount is based on local tax rates and assessed property value.

property tax deduction

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

property value

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

prorate

To allocate percentages of certain expenses to be paid by the buyer and seller at the time of closing.

PUD (planned unit development)

A highly designed residential project that features relatively dense clusters of houses, which are usually

surrounded by areas of commonly owned open space maintained by a nonprofit community association.

punch list

A list compiled by a buyer prior to a sale detailing items to be fixed before closing.

purchase agreement

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

purchase contract

A legal document that binds a buyer to purchase a piece of property for a set price, and also binds the seller to sell that property to the buyer.

purchase-money mortgage (PMM)

A mortgage obtained by a borrower as partial payment for a property

qualifying ratio

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

Queen Anne style

A Victorian-era style that originated in England during the reign of Queen Anne and was revived in both England and America in the late 19th century.

quiet enjoyment

The right of an owner to use his or her property without interference.

quiet title suit

A lawsuit filed to ascertain the legal rights of an owner to a certain parcel of property.

quitclaim deed

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

quoin

The outer corner of a building, or the rectangular stone block used to form that corner.

R-value

A measure of a material's resistance to heat loss, usually applied to insulation products. The higher the R-value, the slower the rate of heat loss.

radiant heating

A form of home heating delivered by electric-resistance elements--either wall registers or cables or foils beneath the flooring or above the ceiling--or via hot water circulated through in-the-floor tubing or room radiators.

radon

A ground-generated radioactive gas that seeps into some homes through sump pumps, cracks in the foundation and other inlets. A serious health hazard.

rafter

One of a series of beams that form the slope of a pitched roof and are analogous to floor joists.

rails

The horizontal structural members of a door. Most doors have a top rail, a bottom rail, and a center rail connected at both ends to vertical stiles.

rammed-earth construction

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

ranch style

A modern style of home popularized in the 1950s and championed by architect Frank Lloyd Wright, among others.

rate cap

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

rate lock

A lender's commitment to a borrower to guarantee (or "lock in") a specific interest rate for a limited amount of time.

rate type

Rate type determines if and how payments adjust over the loan term. Available rate types include fixed-rate, balloon, and adjustable-rate.

rate-improvement mortgage

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

real estate

Land and anything permanently affixed to it, including buildings.

real estate agent

A person licensed by a state to represent a buyer or a seller in a real estate transaction in exchange for a commission. Unless they are also brokers, agents must work in association with a real estate broker or brokerage company.

real estate broker

A person, corporation, or partnership licensed by a state to represent a buyer or seller in a real estate transaction in exchange for a commission. Brokers supervise licensed sales agents, who then act for the broker (who is legally the principal agent in any transaction).

real estate investment trust (REIT)

Publicly traded companies that own, develop, and operate commercial properties.

real estate professional

Any real estate broker, sales agent, or attorney who holds a real estate license.

Real Estate Settlement Procedures Act (RESPA)

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

real property

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

Realtist

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

Realtor

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

reconveyance

A lender's act of conveying a property back to a borrower who has completely paid off his or her mortgage.

recorder

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

recording

The filing of property-related documents into the public record.

recording fee

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

redlining

An illegal practice by a bank or insurance company that denies credit or insurance to people based on ethnic background or neighborhood.

refinancing

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

regression

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

quality property.

Regulation Z

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

rehabilitation mortgage

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

REIT (real estate investment trusts)

Publicly traded companies that own, develop, and operate commercial properties.

release clause

A provision in a purchase contract that allows a seller to continue marketing their home and accept other offers.

relocation benefits

Employer-provided benefits for new employees. These benefits can include moving costs, reimbursement for temporary housing and transportation, real estate agent assistance, and discounted loans.

relocation company

A firm that administers all aspects of relocating new employees from one location to another.

remaining balance

The amount of unpaid principal on a home loan.

remaining term

The original loan term minus the number of payments made.

rent loss insurance

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

renter's insurance

A policy for renters that covers the replacement value of possessions.

repayment plan

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

replacement cost

The current cost of rebuilding a structure to its original specifications.

replacement reserve fund

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

repointing

Replacing damaged mortar in the joints between bricks or stones.

repossess

To take back property. A lender holding a mortgage may repossess a property if the buyer fails to make payments.

resale value

A property's future value, which can be affected by many factors including the surrounding neighborhood, school district scores, and economic and housing market conditions.

rescission

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

reserve fund

Money set aside by a homeowners' association for major repairs or improvements.

resilient channel

A channel run across wall studs underneath wallboard to reduce sound transmission.

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restriction

Any limitation on the use of property.

restructured loan

A mortgage in which new terms are negotiated.

return on investment

The amount of profit a property generates.

reverse mortgage

A special type of loan available to equity-rich, older owners. Repayment is not necessary until the borrower sells the property.

ridge board

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

ridge vent

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

right of first refusal

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

right of way

The right to pass over or use another's land.

right to rescission

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

riparian rights

An owner's right to use a river, stream, or lake bordering the owner's property.

riser

Vertical boards between the steps of a stairway.

rocker switch

An electrical switch operated by tapping the top or bottom of the control plate.

rollback

A limitation on annual assessed value increases or a reduction in the amount of property tax paid.

roof sheathing

Flat boards nailed to the rafters to which a covering is fastened.

rough-in

The installation of plumbing, electrical, and other mechanical systems.

Rural Housing Service

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

RV pad

A large concrete pad designated for parking a recreational vehicle.

sacrificial anode

A metal rod inserted into a water heater to extend the life of the tank.

sale-leaseback

A real estate transaction in which the buyer leases back the property to the seller for a specific period of time. Also called seller rent-back.

sales concession

A cost paid by the seller, even though the cost is customarily paid by the buyer.

sales contract

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

saltbox style

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

sanitary sewer

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

sash

One of two windows in a double-hung window.

schematic designs

Renderings of floor plans and the exterior of a house.

sconce

A wall-mounted light fixture.

second mortgage

A second loan placed upon a piece of property.

secondary mortgage market

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

secured loan

A loan backed by collateral.

security

A piece of property designated as collateral.

seller carry-back

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

seller financing

The seller allows the borrower to use a portion of the equity in the property to finance the purchase.

seller rent-back

A real estate transaction in which the buyer leases the property back to the seller for a specific period of time. Also called sale-leaseback.

seller take-back

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

seller's market

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

selling agent

A real estate broker or salesperson who writes the purchase offer for a buyer in a real estate transaction, but may not actually represent the buyer.

semi-custom home

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

septic system

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

service conductor

The wires extending from the home's service equipment to the utility company's line.

service entrance conductor

The wire between the terminals of the panel and the connection with the service conductor.

servicer

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

setback

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

settlement or closing fees

Fees paid to the escrow agent (and often a title insurance company) for carrying out the written instructions of the agreement between buyer and seller and/or borrower and lender.

settlement statement

A document that details who has paid what to whom.

severalty

Ownership of real property by one person. Also known as sole ownership.

severance

Changing an item from real property to personal property by detaching it from the land.

shake

A thick wood (often cedar) shingle used for roofs and siding.

shared-appreciation mortgage

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

shared-equity transaction

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

sheathing

Sheets of material applied across floors, rafters, or studs.

shed ceiling

A ceiling that pitches upward at one end.

shed roof

A roof that pitches up further on one side than the other.

shingle ripper

A flat, bar-like tool with a sharp hook that's designed to make removing shingles an easier job. You slip the hook up under wood shingles then rap the tool with a hammer to shear-off nails with the sharp hook.

shingle style

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

shingles

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

shiplap

A milled pattern of siding designed to shed water when applied horizontally.

shoe molding

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

shutoff valve

While a shutoff valve may be any water or gas valve, it generally refers to the small valve under a sink or behind a toilet that controls the water supply to the plumbing fixture.

shutters

Covers mounted at either side of a window.

sidelights

Tall, narrow windows that stand on one or both sides of a door to admit light and allow residents to see the person at the door. Also known as door lights.

siding

A type of covering on a home's exterior walls.

sill

The lowest horizontal member across a door or window opening. In the case of a door, the sill is often called a threshold.

sill cock

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

sill plate

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

sill sealer

A material that seals gaps between the foundation and sill plate.

simple assumption

A type of loan assumption in which the original borrower remains secondarily liable should the assumptor default.

single agent

Any agent who represents either the buyer or the seller in a transaction.

single-pole switch

A conventional light switch that controls one or more lights from a single location.

sink trap

The P- or S-shaped section of drainpipe directly beneath a sink. Its shape is intended to hold a small amount of water so that it blocks sewer gasses from rising into the house.

skylight

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

slab foundation

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

slider window

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

snubber

A spring-like device fastened between the top of a door and the door jamb to pull the door shut.

soffit

An external area under the overhang of a roof.

soils test

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

sole plate

The bottom horizontal component of a frame wall on which the studs sit

solid-core door

A door with a solid interior.

soundboard

A special board used beneath the wallboard to reduce the transmission of sound through the wall.

Spanish mission style

A design derived from Spanish missions established in the Southwest.

special assessment

An amount of money levied upon owners in a homeowners' association for the purpose of public improvements.

special deposit account

An account required in rehabilitation mortgages. Restoration and remodeling funds included in the loan are disbursed from the special deposit account to the appropriate contractors as work is completed.

specifications

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

speculation home

A home that has been built without a buyer.

splash block

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

spline

A thin piece of wood, metal, or vinyl that secures a joint. In the case of a window screen, a wood or vinyl spline seals the screen fabric into a groove cut in the screen window or door.

split-level style

A home style similar to ranch style, but stacked to fit on a smaller lot and perhaps to accommodate a garage.

square footage

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

standard metropolitan statistical area (SMSA)

A designation given by the U.S. Office of Management and Budget to cities of 50,000 or more residents.

standard payment calculation

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

starter home

A first home that is generally of a lower-than-average price.

steel framing

A construction method used by commercial and residential builders.

step-rate mortgage

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

stigmatized property

Property that has an undesirable reputation because of an event that occurred on or near the site.

stiles

The vertical members that make up a door's construction. The hinge stile receives the hinges; the lock stile receives the lockset.

stool

Part of the interior window frame that, like a shelf, extends horizontally across the lower part of the opening.

stop

A thin strip of wood fastened to the face of a doorjamb, intended to stop the door when you close it (sometimes called a doorstop).

storm sewer

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

storm window

A windows installed on top of an ordinary window for additional protection in extreme weather conditions.

straight purchase

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

strike plate

Flat metal plate fastened to a doorjamb that receives a lockset's latch or bolt to keep a door closed.

stucco

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

studs

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

subagent

An agent who assists another agent in representing a principal, or party, in a transaction. A seller's subagent who writes the buyer's offer owes loyalty to the seller, though many states presume any agent working with a buyer is the buyer's agent.

subcontractor

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

subdivision

The division of a large piece of property into smaller parcels. Also, the divided property itself.

subflooring

The plywood or boards beneath finish flooring that, nailed directly to floor joists, provides a structural base for finish materials.

subject-to

The transfer of rights to pay a debt from one party to another, with the original party remaining liable for the debt if the second party defaults.

subordinate loan

A second or third mortgage.

subsequent rate adjustments

The interest rate for adjustable rate loans (ARMs) adjusts at regular intervals. This adjustment period could in some cases differ from the initial interest rate duration period.

subsequent rate cap

A specific limit defined by most adjustable rate loans (ARMs) for the maximum amount the interest rate may increase at each regularly scheduled interest rate adjustment date. This limit may differ from the initial rate cap.

sump pump

A pump that moves water from a basement sump pit.

surround

The material surrounding a bathtub or shower.

survey

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

swale

A wide, shallow depression in the ground designed to channel drainage of rainwater.

sweat equity

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

T1-11

A hardboard exterior siding with vertical grooves to simulate boards.

tank stopper

A rubber plug or flapper that seals the valve seat between a toilet tank and bowl. Upon flushing a toilet, the tank stopper is lifted to allow water to rush through the flush valve into the bowl.

tap fees

A fee charged by most companies for hooking up utilities.

tax deduction

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

tax lien

A lien placed against a property for nonpayment of taxes.

tax sale

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

tax service fee

A fee collected to set up third-party monitoring of the borrower's property tax payments. This is done to ensure that the payments are made on time, and to prevent tax liens from occurring to the detriment of the lender.

tax shelter

A term often applied to real estate investment, referring to various tax advantages.

tear-down

A house in such poor condition as to require rebuilding from the ground up.

teaser rate

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

tenancy by the entirety

Ownership by a husband and wife in which they together hold title to the whole property with right of survivorship.

tenancy in common

A form of ownership in which two or more owners hold an undivided (though not necessarily equal) interest in the property, with no right of survivorship.

tenure

A common-law term referring to the way in which a piece of property is held, such as a fee simple or leasehold.

terra cotta

A red, low-fired tile that is a popular roofing material.

terrace

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

The Buyer's Agent Inc.

National buyer's brokerage company with franchises in 28 states. Call (800) 766-8728 for information and referrals.

thermocouple

A thick copper wire that acts as a safety device on a gas burner. If the pilot light for the burner goes out, the sensor on the end of the wire cools and prevents the flow of gas to the burner.

thermocouple

A safety device on a pilot light gas ignition system. If the thermocouple isn't being warmed by the pilot light, it shuts off the flow of gas.

thermostat

A control that automatically turns on a heater, furnace, or air conditioner when room temperature reaches a set level.

thermostatic control

A device used to regulate the point at which the burner for the water heater is activated.

third-party origination

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

three-way switch

A three-way switch controls one or more lights from two different locations. These are often placed at both ends of a stair or hallway.

threshold

A flat trim strip normally made of oak or aluminum that offers a durable and finished transition between the floors on both sides of a door or between indoors and out.

throw

The distance a deadbolt extends out from the edge of a door when in its locked position.

time is of the essence

A phrase in a purchase contract that indicates a certain period of time in which an act must be performed.

timeshare

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

title

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

title company

A firm that ensures that the property title is clear and provides title insurance.

title examination

An examination of the public record to determine that the seller is the legal owner and there are no encumbrances (such as claims or liens) affecting the property.

title insurance

A policy issued to lenders and buyers to protect against loss due to disputed property ownership.

title insurance binder

A title insurance company's written commitment to insure title to the property, subject to the conditions and exclusions shown on the binder.

title risk

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

title search

The process of reviewing all recorded transactions in the public record to determine whether any title defects exist that could interfere with the clear transfer of ownership of the property.

toilet seal

A gasket that seals the joint between the bottom of a toilet and the drain piping. This prevents water leakage and the escape of sewer gases.

tongue and groove

Lumber with a small groove down one side of each board and a protruding piece (tongue) on the other side that fits into the groove when the boards are installed.

top producer

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

top rail

The horizontal structural member of a door that runs across the top of the door.

top soil

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

total expense ratio

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

total lender fees

Fees required by the lender to obtain the loan, apart from other fees associated with transferring a property between buyer and seller. Also known as finance charges.

total loan amount

The base loan amount plus any financed closing costs.

total monthly housing costs

The sum of principal, interest, property taxes, and if applicable, private mortgage insurance (PMI) and either hazard insurance or homeowners' association dues.

total of all payments

The total cost of the loan, including repayment of the principal amount and the sum of monthly interest payments.

total paid at closing

All closing costs, prepaid fees, and the down payment. The lender may require you to demonstrate extra cash reserves equal to two months' worth of housing expenses as well.

townhouse

An attached home that is not a condominium.

TPRV

Temperature/pressure relief valve. A device that releases built-up energy in a tank at a certain temperature or pressure.

tract home

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

trade equity

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

trading down

Buying a home that is less expensive than the one's current house.

trading up

Buying a home that is more expensive than one's current house.

Trans Union Corporation

Trans Union Corporation is one of the "Big Three" credit-reporting bureaus that operate nationwide.

Address: 760 Sproul Road, P.O. Box 390, Springfield, PA 19064-0390. Phone: (800) 888-4213 .

transaction broker

A real estate professional who is hired to help a buyer and seller reach an agreement. The transaction broker does not represent either the buyer or the seller.

transfer of ownership

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

transfer tax

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

transom

A small hinged window directly above a door.

trap

In plumbing, a curved section of drainpipe that fills with water, providing a liquid seal to prevent the emission of sewage gases.

trap

A trap is the U- or S-shaped section of drainpipe directly beneath a plumbing fixture such as a sink or shower. Its shape is intended to hold a small amount of water so that it blocks sewer gasses from rising into the home.

tray ceiling

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

tread

The flat part of a stair step.

Treasury bills

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

Treasury index

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

trellis

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

trim work

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

truss

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

trust account

A special account used by a broker or escrow agent to safeguard funds for a buyer or seller.

trustee

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

Truth in Lending Act

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

tuck-point

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

two- to four-family property

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

two-step mortgage

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

U-value

The amount of heat a door or window conducts between the inside air and the environment.

U.S. Department of Housing and Urban Development

Also known as HUD. A federal agency that oversees the Federal Housing Administration and a variety of housing and community development programs.

unbundled real estate services

Real estate services not bound together, but purchase transaction at a time.

underlayment

A layer of wood between the subfloor and the floor.

underwriters' knot

A code-approved knot tied at the end of an electrical cord to prevent the wires from being pulled away from their connection to electrical terminals.

underwriting

The process in which lenders evaluate the risks posed by a particular borrower and set appropriate conditions for the loan.

underwriting fee

A fee charged by the lender to verify information on the loan application, authenticate the property's worth as collateral, and make a final determination about whether to grant a loan to the applicant.

undisclosed heir

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

undisclosed spouse

A marital partner who can claim the right to a piece of property but is not identified in the owner's will.

unilateral contract

A one-sided contract. If one party makes a promise to do something, the second party is not legally required to perform. If the second party does comply, however, the first party is obligated to keep its promise.

unrecorded deed

A deed that transfers ownership from one party to another without being officially recorded.

unsecured loan

Any loan that is not backed by collateral.

unsecured loan

An unsecured loan is a loan that is not backed up by collateral. Often, loans from family members or personal acquaintances are unsecured loans. A gift from another person that is not expected to be repaid is not an unsecured loan.

upgrades

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

upzoning

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

urban sprawl

The unplanned expansion of development over a large area.

usury

Illegally excessive interest charged on any loan.

V-cap

A specially shaped piece of ceramic tile used at the edge of a counter to trap liquids.

VA (Veterans Administration)

A key program of the U.S. Department of Veterans Affairs. The Veterans Administration allows most veterans to purchase a house without a down payment.

VA loan

A loan through the Veterans Administration program, which allows most veterans to purchase a house without a down payment.

valley

The angled intersection between two roof planes where water collects and runs off the roof. Valleys are often protected with special metal flashing because they must handle heavy water flow without leaking.

valuation

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

vapor barrier

A material such as plastic that prevents the passage of moisture.

variable interest rate

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

variable rate

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

variable rate mortgage (VRM)

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

vaulted ceiling

An elongated half-cylinder that arches above the floor.

veneer

A thin facing material that is applied over a structural base. A veneered door, for example, may have a hollow or solid wood core and a thin surface layer of fine hardwood.

vent

A pipe that allows air to flow in a drainage system.

ventilation

The process of replacing stale air with fresh air, usually by circulation through a series of vents or a mechanical system such as an air conditioner.

verification of deposit

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

verification of employment

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

vestibule

A small entrance hall or room.

Veterans Administration (VA)

A key program of the U.S. Department of Veterans Affairs. The Veterans Administration allows most

veterans to purchase a house without a down payment.

Victorian style

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

vinyl-clad windows

Wood windows sheathed in vinyl on the outside.

violation

An act, deed, or condition contrary to the permissible use of property.

Visqueen

A brand of polyethylene sheet used to cover the ground in a crawl space.

voidable contract

A contract that may seem to be valid, but can be rejected by either one of the parties.

volt

The unit used to measure electrical force between two points in a circuit. The current at most receptacles in the United States and Canada is approximately 120 volts.

volt-ohm meter

An electrical test device used for making a variety of electrical measurements, including voltage and current.

voltage

The pressure behind the flow of electricity.

voluntary lien

A lien that a homeowner willingly gives to a lender.

wainscoting

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

waiver

A voluntary relinquishing of certain rights or claims.

walk-out basement

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

walk-through

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

wallboard

Sheets of compacted gypsum with a paper exterior. Also known as dry wall, sheetrock, gypsum board, and plaster board.

warehouse fee

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

warranty

A legally binding promise to do something in the future.

water table

The level at which the ground is saturated with water.

watt

The unit used to measure the rate at which a device consumes electricity.

weather stripping

Individual lengths of rubber or plastic used to plug air leaks around doors and window frames.

weep holes

Spaces or small openings left in a masonry wall to allow water to drain from behind the wall.

Western style

A cabinetry term referring to a style of cabinet with a face frame around the front opening.

wetlands

Watery areas such as swamps, marshes and floodplains.

wild deed

An improperly recorded deed.

will

A legal document outlining the disposition of a person's estate in the event of his or her death.

window light

An individual pane of glass.

window seat

A bench built under an interior window.

window well

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

window well covers

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

wraparound mortgage

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

Z-flashing

A special type of metal flashing that protects horizontal joints between siding panels that don't overlap. It has a Z-shaped profile and is designed to tuck up under the upper panel and overlap the lower one.

zero-lot line

The positioning of a house near or on top of the lot boundary, resulting in little or no space between houses.

zero-net

When the seller receives little or no net proceeds from the property sale.

zoning

Regulations that control the use of land within a jurisdiction.

zoning variance

A one-time modification of existing zoning law.