

REAL ESTATE GLOSSARY

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ABSENTEE LANDLORD	A lessor of real property (usually the owner) who does not live in or occupy a portion of the property.
ABSTRACT OF TITLE	A condensed history of the title to land; a summary of the recorded documents affecting the title from which an attorney may give an opinion as to the condition of title. Still in use in some states, but giving way to the use of title insurance. CT is a title insurance state.
ABUT	To touch, border on, or be contiguous to. Abutting parcels of land have a common boundary.
ABUTTER	One whose land is contiguous to another owner's land.
ACCELERATION CLAUSE	Clause used in an installment note and mortgage (or deed of trust), which gives the lender the right to demand the immediate payment of the mortgage loan balance upon the happening of a certain event, such as a default by the borrower, the change of ownership without the lender's consent, destruction of the property or other event which endangers the security of the loan. See: Alienation Clause.
ACCEPTANCE	Voluntarily agreeing to be bound by the terms of an offer. Offer and acceptance create a contract.
ACKNOWLEDGEMENT	A written declaration by a person signing a document, given before a person authorized to administer an oath (notary public; Commissioner of the Court), stating that the signing is a free and voluntary act.
ACRE	A measure of land equal to 43,560 sq. ft. (160 sq. rods) in any shape.
ADDENDUM	Something added. A list or other material added to a document, letter, contractual agreement, etc. See: Amendment.
ADJUSTABLE RATE MORTGAGE (ARM)	A mortgage that allows the lender to adjust the mortgage's interest rate based on changes to a pre-selected index. When rates change, the mortgage's monthly payments will increase or decrease, but are usually subject to a cap.
AD VALOREM TAX	A tax levied according to value (generally used to refer to a real estate tax).
ADVERSE POSSESSION	A possible method of acquiring title by possession under certain conditions. Possession must be actual, visible, under claim of right, open, continuous, notorious, exclusive, and hostile (knowingly against the rights of the owner). CT's statutes require 15 years of possession for adverse possession to stand.
AFFIDAVIT	A written statement or declaration, signed and sworn to before a person authorized to administer an oath.

AGENCY	Any relationship in which one party (agent) acts for or represents another (principal) under the authority of the principal. Single Agency is the practice of representing either the buyer or the seller, but never both in the same transaction. Dual Agency is the practice of representing both the buyer and the seller in the same transaction with the consent of both parties. Agency agreements involving real property, such as listings, buyer representation agreements, trusts, power of attorney, etc., must be in writing and conform to other legal requirements.
AGENCY AGREEMENT (Agency Listing)	In some states, the term describing a listing under which the broker's commission is protected against a sale by other agents, but not by a sale by the principal.
AGENT	One who is authorized to act for or represent another (the principal), usually in business matters. Authority may be express, implied or apparent.
AGREEMENT OF SALE	In some states, an Agreement of Sale is synonymous with a written Purchase and Sale agreement (see: Purchase Agreement) and in other states, synonymous with a land contract (see: Land Contract).
ALIENATION	The act of transferring property to another. A transfer can be voluntary, by gift or sale, or involuntary, by adverse possession or condemnation.
ALIENATION CLAUSE	A clause in a mortgage (or deed of trust) stating that the balance of the secured debt becomes immediately due and payable at the lender's (mortgagee's) option upon transfer of ownership of the secured property. Also called a "due-on-sale" clause.
AMENDMENT	A change, either to correct an error or to alter a part of an agreement without changing the principal idea or essence.
AMERICANS WITH DISABILITIES ACT (ADA)	A 1992 federal law designed to eliminate discrimination against individuals with disabilities.
AMORTIZATION	Repayment of a debt or obligation in equal monthly installments of principal and interest over a given period so that at the end of the period the debt is completely extinguished.
AMORTIZE	To gradually reduce a debt by regular partial payments of the principal and accrued interest for a definite time.
ANNUAL PERCENTAGE RATE (APR)	The full cost of a loan stated as a yearly rate and includes interest, points and mortgage insurance. APR may be an effective basis for comparing the cost of a loan between different lenders.
APPRAISAL	An estimate of a property's fair market value based upon an analysis by a disinterested, qualified, licensed person.
APPRAISAL REPORT	A written report by a licensed appraiser containing an educated estimate of a property's fair market value supported by comparables, appraisal formulas, the reasoning leading to the estimation, and the qualifications of the appraiser.
APPRAISED VALUE	An opinion of a property's fair market value at a given time based on an appraiser's knowledge, experience and analysis of the property.

APPRAISER	One who is trained and educated in the methods of estimating a property's fair market value through analysis. To perform real estate appraisals in CT, one must be licensed.
APPURTENANT	Belonging to, incident to, or annexed to (i.e., a garage is appurtenant to a house).
ARBITRATION	A means of settling a dispute between parties through an impartial party; the decision is final and binding.
"AS IS" CONDITION	The condition of a property including all physical defects.
ASSESSED VALUE	Value placed upon property for property tax purposes by the tax assessor.
ASSESSMENT	(1) The estimation of value of property for tax purposes. Assessments for real property tax purposes must be 70% of fair market value. (2) A local tax levied against property for a specific purpose (i.e., sewer).
ASSESSOR	One who determines the value of property for purposes of taxation.
ASSIGNMENT	The written transfer of all or a part of one's rights or interest. For example, one may assign a mortgage, a purchase contract, a lease.
ASSUMPTION OF MORTGAGE	The agreement between a buyer and a seller whereby a buyer takes over the payments on a seller's existing mortgage adopting the mortgage debt as his own. The buyer becomes personally liable for the payments and the seller is no longer responsible for repaying it. An assumption usually requires a credit review of the new borrower, the permission of the lender, and an assumption fee. Note: If a mortgage contains a due-on-sale clause, it may not be assumed.
ATTORNEY-IN-FACT	One who is appointed to act (as agent) for another (the principal) under a power of attorney. The scope of the agent's authority (one or several specific acts) is limited to that given by the power of attorney document.

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BALLOON MORTGAGE	Where principal and interest on a loan are amortized for a longer period than the term of the loan. For example, a 30 year amortization and a 5 year term. At the end of the 5 year term, the outstanding principal on the loan is due. The principal sum due at maturity is known as the "balloon".
BALLOON PAYMENT	The final, lump sum payment paid at the maturity date of a balloon mortgage.
BEARING WALL	A wall that supports the weight of a part of a structure in addition to its own weight.
BILATERAL CONTRACT	A contract in which each party promises to perform an act in exchange for the other party's promise to perform (a Purchase and Sale Agreement is an example of a bilateral contract).
BILL OF SALE	A written document that transfers title to personal property.

BINDER	<p>(1) In CT's Fairfield County, a preliminary agreement between a buyer and a seller in which the basic terms and conditions of the purchase and sale of real property are set forth, and the intent of the parties is that a Purchase and Sale contract will be prepared by an attorney. A binder may or may not be a purchase agreement or contract. Whether it is or is not depends upon the wording of the binder.</p> <p>(2) A report issued by a title insurance company setting forth the condition of title to certain property as of a certain date, and also setting forth conditions which, if satisfied, will cause a policy of title insurance to be issued. Also called a commitment. See: Preliminary Title Report.</p>
BLANKET MORTGAGE	A mortgage that covers at least two pieces of real estate as security for the same mortgage.
BLOCKBUSTING	An illegal method of inducing homeowners to sell their homes by telling them that people of a different race or religion, moving into the area, will cause property values to fall.
BOND FOR DEED	Land installment contract. A "layaway" plan for real estate where the seller pledges to deliver a deed to the buyer when the purchase price is paid in full. See: Contract for Deed.
BREACH OF CONTRACT	Failure to perform a contract, in whole or in part, without legal excuse.
BREACH OF COVENANT	The failure to perform or the failure to refrain from doing anything that was covenanted. See: Covenant; Restriction.
BREACH OF WARRANTY	In real property, the failure of the seller to pass title as expressed in the conveyancing document or implied by law. See: Warranty Deed.
BROKER, REAL ESTATE	One who is licensed by the state to carry on the business of dealing in real estate (i.e., bringing together buyer and seller, landlord and tenant, or parties to an exchange for compensation).
BROOM CLEAN	A term used to describe the condition of a building, delivered to a buyer or tenant. The term implies that the property is clean and free of debris.
BUILDING CODE	A comprehensive set of laws that control the construction of buildings, including design, materials used, construction, use, repair, remodeling, and other similar factors.
BUILDING LINE	A line, set by law, beyond which there can be no construction. The purpose of such a line is to keep buildings from being built too close to the street and/or other properties for both safety and aesthetic reasons. Not the same as a lot line.
BUILDING PERMIT	A permit given by a local government to construct a building.
BUY-DOWN MORTGAGE	When a lender or builder subsidizes a mortgage by lowering the interest rate during the first several years of a loan creating initial mortgage payments that are low, but increase when the subsidy expires.

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CAPITALIZATION RATE	The rate of return a property will produce on the owner's investment.
CAVEAT EMPTOR	"Let the buyer beware." Legal maxim stating that the buyer takes the risk regarding quality or condition of the item purchased, unless protected by warranty or there is misrepresentation.
C,C,& R'S (Covenants, Conditions & Restrictions)	A term used to describe the restrictive limitations placed on property. Sometimes known as covenants and restrictions or just restrictions.
CERTIFIED COPY	A true copy, attested to be true by the person holding the original.
CERTIFICATE OF TITLE	A document provided by a qualified source (i.e., a title company or lawyer) stating that title to the property is held by the owner.
CHAIN OF TITLE	The chronological order of conveyances of a parcel of land, from an accepted starting point to the present.
CHATTELS	Personal property.
CLEAR TITLE	A title free of liens or legal questions as to ownership of a property.
CLIENT	A buyer or seller represented by an agent; also called a principal.
CLOSING	(1) In real estate sales, the final step in which the title to the property and funds legally change hands. Also known as "Settlement". (2) The final call in a metes and bounds legal description which "closes" the boundaries of the property.
CLOSING COSTS	Expenses associated with transferring ownership of a property for both a buyer and a seller. Closing costs can include an origination fee, charges for title insurance, escrow costs, a credit report, an appraisal fee, real estate commissions, attorneys' fees, pro-rations for taxes and heating fuel.
CLOSING STATEMENT	The statement that lists the financial settlement between buyer and seller at closing. Also referred to as the HUD-1 or the settlement statement.
CLOUD ON TITLE	A claim or encumbrance on real property that affects the title to the land and the rights of the owner. For example: A sells Lot 1, Tract 1, to B. The deed is mistakenly drawn to read Lot 2, Tract 1. A cloud is created on Lot 2 by the recording of the erroneous deed. The cloud may be removed by quitclaim deed, a release, or, if necessary, court action.
COLLATERAL	Something of value pledged as security for a debt (i.e., a house and land as security for a mortgage loan).
COLOR OF TITLE	That which gives the appearance of good title, but actually contains some defect (i.e., a Warranty Deed conveyed to a buyer without the seller having good title).
COMMISSION	A negotiated amount earned by a real estate broker as compensation for negotiating a transaction.

COMMITMENT or COMMITMENT LETTER	(1) A written promise by a lender to make a loan to another for a specified amount and on specified terms. (2) A written promise by a title insurance company to insure title.
COMMON ELEMENTS; COMMON AREA	The areas of a common interest community owned in common by the unit owners (i.e., a clubhouse, lawns, recreational facilities).
COMPARABLES	Substantially similar properties to the subject property used in an appraisal report or a CMA to help estimate fair market value for the subject property .
CONDEMNATION	The taking of private property for public use through the power of eminent domain. "Just compensation" must be paid to the owner for the taking.
CONDITIONAL SALES CONTRACT	A sale in which the title to property or goods remains with the seller until the purchaser has fulfilled the terms of the contract, usually payment in full. See: Land Contract.
CONDOMINIUM	A type of common interest community created by recording a Declaration of Condominium on the land records in which individuals purchase and own a unit of housing in a multi-unit complex and share financial responsibility for common areas.
CONSIDERATION	The cause, motive, price or impelling force that induces a party to enter into a contract.
CONSTRUCTION LOAN	Short-term interim financing of real estate construction where the lender advances periodic disbursements to the builder as improvements are constructed on the mortgaged property. Usually followed by long-term financing called a "take out" loan, issued upon completion of improvements.
CONSTRUCTIVE EVICTION	Any act by the landlord that substantially interferes with the tenant's use and enjoyment of the leased property such that the tenant is effectively forced to move out or terminate the lease. In such a case, the tenant would have no further liability for rent.
CONSTRUCTIVE NOTICE	Notice given by recorded documents. All persons are charged with knowledge of such documents.
CONTIGUOUS	Next to, touching or bordering on (another piece of property).
CONTINGENCY	A condition that must be met before a contract is binding (i.e., a mortgage contingency in a Purchase and Sale Agreement making the sale of a house contingent upon buyer obtaining financing).
CONTRACT	A legally binding agreement resulting from an offer and an acceptance between two or more competent parties.
CONTRACT FOR DEED	(1) A contract between a buyer and a seller of real estate where the buyer pays for the property in installments, has possession of the property and holds equitable title. Actual title is held by seller until the final payment. (2) Also called a Land Contract, an Installment Contract, or Bond for Deed.
CONVENTIONAL LOAN	A loan made with real estate as security and not involving governmental participation such as insuring a loan (FHA) or guaranteeing the loan (VA).

CONVENTIONAL MORTGAGE	See: Conventional Loan.
CONVEYANCE	Transfer of an interest in real property.
CONVEYANCE TAX	A tax on the sale of real property, based on the sale price or equity transferred. State conveyance tax for residences and improved land is \$5 for each \$1,000 of consideration up to \$800,000 and \$10 for each \$1,000 of the purchase price over \$800,000; local/municipal conveyance tax is \$1.10 for each \$1,000 of consideration.
COOPERATIVE	A form of multiple ownership in which a cooperative corporation owns and operates the property and the residents, by virtue of owning shares in the corporation, have the right to occupy a unit.
CO-TENANT	The name of an interest held in real property as either a tenant in common or as a joint tenant.
COUNTEROFFER	An offer made in response to an offer (instead of acceptance) and having the effect of rejecting the original offer. For example: A offers to buy B's house for X dollars. B does not accept the offer, but responds by offering to sell to A at a higher price. B's offer to A is a counteroffer.
COVENANT	Generally, almost any written agreement. Most commonly in real estate, written assurances in a deed by the grantor or implied by law. Example: covenant against encumbrances, covenant of right to convey, etc.
COVENANT OF QUITE ENJOYMENT	Provision inserted in leases or conveyances whereby a seller or landlord promises that the buyer or tenant shall enjoy possession of the premises in peace and without disturbance caused by defective title.
CREDIT REPORT	A report documenting past and present debts and the timeliness of their repayment.
CUL-DE-SAC	Typically, a street open at one end (the entrance) and a large, circular area at the other end to facilitate u-turns. Not a through street.
CUSTOMER	A buyer who is working with an agent who represents the seller or a seller of an unlisted property being sold to a buyer represented by a buyer's agent.

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D/B/A (Doing Business As)	An identification of the owner or owners of a business and the business name. Not a partnership or corporation.
DEBT-TO-INCOME RATIO	The figure, expressed as a percentage, resulting from comparing gross income to housing and non-housing expenses.
DECLARATION OF RESTRICTIONS	A set of restrictions filed by a developer or sub-divider to cover an entire tract or subdivision.
DEED	A written instrument when duly executed and delivered conveys title to or an interest in real estate.
DEED IN LIEU	In order to avoid foreclosure, a deed (title) to a property is given to the lender to satisfy the repayment obligation.

DEED OF TRUST	A document used in place of a mortgage to secure the payment of a note.
DEED RESTRICTIONS	Limitations and conditions on the use of property placed in a deed concerning future uses of the property.
DEFAULT	A breach or nonperformance of a duty arising under a contractual agreement (i.e., applying for a mortgage loan; non-payment of mortgage payments in a timely fashion).
DEFICIENCY JUDGMENT	A personal judgment against an owner (mortgagor) when a foreclosure sale does not produce sufficient money to completely satisfy the mortgage debt.
DEFECTIVE TITLE	Title to real property lacking one or more elements to transfer good title.
DEPOSIT	(1) Money given (consideration) to create a binding sale. Also called "earnest money". (2) A natural accumulation of resources (oil, gold, etc.) that may be commercially recovered and marketed.
DEPRECIATION	In appraisals, a loss of value in property resulting from physical deterioration, functional obsolescence or economic obsolescence.
DESCRIPTION	See: Legal Description.
DESIGNATED AGENCY	Where a real estate agent is designated as the agent for one of the clients when the real estate agency represents both a buyer and a seller.
DISCLOSED DUAL AGENCY	An agency relationship where the brokerage firm discloses and receives informed written consent from both the buyer and the seller to represent both parties.
DISPOSAL FIELD	A system of clay tiles and gravel used to dispose of the waste draining from a septic tank (also called a tile field). The percolating qualities of the soil determine the extent of the field needed.
DISTRIBUTION BOX	(1) Fuse Box (2) An underground box that receives the waste from a septic tank and distributes it laterally to a disposal field.
DOWN PAYMENT	The part of the purchase price paid by a buyer from his/her own funds to make up the difference between the purchase price and the mortgage amount.
DUAL AGENCY	An agency relationship in which a brokerage firm and all the brokers and salespersons for the firm act in fiduciary capacity for both the buyer and the seller in the same real estate transaction with the informed written consent of both parties.
DUE-ON-SALE CLAUSE	A provision in a mortgage or deed of trust that allows a lender to demand immediate payment of the mortgage balance if the mortgage holder (owner) sells the property that is the security for the mortgage. See: Alienation Clause.

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EARNEST MONEY	Money given by a buyer as part of the purchase price to bind a transaction or assure payment. Earnest money becomes a part of the down payment if the offer is accepted, is returned if the offer is rejected, and may be forfeited if the buyer backs out of the deal. See: Deposit.
EASEMENT	A right or interest in the land of another created by grant, agreement, prescription, or necessary implication entitling one to a specific limited use, privilege or benefit.
EASEMENT APPURTENANT	An easement for the benefit of another parcel of land, such as the right to cross parcel A to reach parcel B. The easement will pass with the transfer of property to a new owner.
EASEMENT BY PRESCRIPTION	An easement acquired by the open, continuous, visible, uninterrupted, exclusive adverse use for a prescribed period of time.
EASEMENT BY NECESSITY	An easement allowed by law necessary for full enjoyment of property. Ex. – landlocked parcel with the right of ingress and egress over another’s land.
EASEMENT IN GROSS	An easement for the benefit of a particular person or company, rather than for the benefit of another parcel of land. Commonly, such easements are for public utilities.
EFFECTIVE AGE	Age of a structure as estimated by its condition rather than actual age.
EFFLUENT	(1) The flowing of a branch of a stream out from the main stream. (2) The flow of sewage, either from a storm sewer or sanitary sewer, after some stage of treatment.
EGRESS	A term concerning a right to leave land (public or private) of another. Usually used in tandem with the term “ingress” (enter onto).
EMINENT DOMAIN (Condemnation)	The right of a governmental body to acquire private property for public use upon paying just compensation (fair market value) through the legal process of condemnation.
ENCROACHMENT	An improvement (a wall, a fence, a building, landscaping) partly or entirely illegally upon the property of another.
ENCUMBRANCE	Anything that affects or limits the fee simple title to a property such as a mortgage, an easement, a restriction, a judgment or unpaid tax liens. While such a right or interest may not prevent the transfer of fee title it may diminish the value of the property.
EQUAL CREDIT OPPORTUNITY ACT	A federal law that requires lenders/creditors to make credit available to all without discrimination based on race, color, national origin, religion, sex, age, marital status or public assistance income.
EQUITY	An owner’s financial interest in the property. The difference between the fair market value of a property and the mortgage debt.

ESCALATION CLAUSE	A clause in a lease providing for an increased rental at a future time. May be accomplished by several types of clauses, such as: (1) Fixed Increase - A definite, periodic rental increase; (2) Cost of Living Increase - An adjustment to the rent tied to a government cost of living index, with periodic adjustments as the index changes; (3) Direct Expense Increase – An adjustment to the rent according to changes in the expenses of the property paid by the lessor, such as tax increases, maintenance cost increases, etc.
ESCHEAT	When title to property reverts to the state when an owner dies without a will, heirs, or descendants.
ESCROW	1) Money held in trust for both parties to a transaction by an attorney or a real estate broker. 2) The closing of a transaction and the delivery of a deed to a third party (escrow agent) for delivery to the buyer upon the happening of a certain event or events.
ESCROW ACCOUNT	An account kept by a lender into which that lender holds a borrower's money allocated for taxes and insurance payments collected through monthly mortgage payments. The lender then makes the payment of these items when due. See: Impound Account.
ESCROW INSTRUCTIONS	Instructions signed by both buyer and seller enabling an escrow agent to carry out the procedures necessary to transfer real property, a business, or other assignable interest.
ETHICAL	Following the professional standards of conduct. For REALTORS®, the Code of Ethics. For attorneys, the Code of Professional Responsibility.
EVICITION	A court action to remove (oust) one from possession of real property. Most commonly, the removal of a tenant.
EXCLUSIVE AGENCY LISTING	A written listing agreement between a property owner and a real estate broker whereby the owner appoints the broker as his/her agent for a specific period of time and promises to pay a fee or commission to the real estate broker if the owner's property is sold during the listing period. However, the owner reserves the right to sell the property and not pay a commission to the broker if the buyer has not been introduced to the property by the broker.
EXCLUSIVE RIGHT TO SELL LISTING	A written listing agreement between a property owner and a real estate broker whereby the owner appoints the broker as his/her agent for a specific period of time and promises to pay a fee or commission to the broker if the real property is sold during the listing period, whether or not the broker is the cause of the sale.
EXECUTOR'S DEED	A court approved deed under which the grantor is an executor. An executor is one who has been designated to carry out the wishes of a deceased party who has a will.
EXECUTORY CONTRACT	Where something remains to be performed by one or more of the parties to a contract.

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FAIR HOUSING ACT OF 1968	Title VIII of the Civil Rights of Act of 1968, as amended, which prohibits discrimination in the sale or rental of residential property based on race, color, sex, religion, national origin, handicap and familial status.
FAIR MARKET VALUE	The hypothetical purchase price that probably would be negotiated for a property between a willing seller and a willing buyer in a reasonable time.
FANNIE MAE	See: Federal National Mortgage Association.
FEE SIMPLE ESTATE (Fee or Fee Simple Absolute)	The maximum possible right of ownership of real property (as opposed to a life tenancy or a leasehold interest).
FEDERAL HOUSING ADMINISTRATION (FHA)	A division of HUD whose main activity is insuring residential mortgage loans, enabling lenders to loan a high percentage of the sale price.
FEDERAL HOME LOAN MORTGAGE CORPORATION (FHLMC - "Freddie Mac")	A federal agency that purchases conventional residential mortgages from insured depositories and HUD approved mortgage bankers.
FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA – "Fannie Mae")	A secondary mortgage institution that buys conventional residential mortgages from primary lenders as well as those insured by FHA or guaranteed by VA.
FIDUCIARY RELATIONSHIP	A relationship of trust and confidence.
FINANCING COSTS	The cost of interest and other charges involved in borrowing money to build or purchase real estate.
FIRST MORTGAGE	A mortgage having priority over all other voluntary liens against a certain property.
FIXED RATE MORTGAGE	A mortgage loan with the same rate of interest for the life of the loan.
FIXTURES	Personal property that is attached to real property and is legally treated as real property while it is so attached. Fixtures, not specifically excepted from a purchase and sale agreement, pass with the real estate.
FLOATING RATE	See: Variable Interest Rate.
FLOOD HAZARD AREA	Flood boundaries and flood ways are areas defined by HUD-FEMA-Federal Insurance Administration. Flood maps delineating flood hazard areas can be found in the offices of the town clerk, the town engineer or soil conservation services.
FLOOD INSURANCE	Insurance required by lenders to protect against losses from a flood if a home lies within a federally designated flood plain.
FLOODPLAIN	The extent of the land adjoining a river, which, because of its level topography, would flood if the river overflowed its banks.

FORECLOSURE	A legal procedure through which a borrower in default is deprived of his/her interest in mortgaged property. There is foreclosure by sale and strict foreclosure. In foreclosure by sale, the mortgaged property is sold to satisfy the loan and title to the property passes to the lender or to a third party that purchases the property at foreclosure sale. Strict foreclosure is a judicial process through the courts.
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GENERAL WARRANTY DEED	A deed given by a seller to convey title to real property containing specific warranties.
GOVERNMENTAL NATIONAL MORTGAGE ASSOCIATION (GNMA – “Ginnie Mae”)	A division of HUD that offers special assistance in obtaining mortgages and participates in the secondary mortgage market.
GRADUATED LEASE	A lease that sets forth rent increases at certain future dates.
GRADUATED PAYMENT MORTGAGE	A type of flexible-payment mortgage where the monthly payments increase for specified periods of time and then level off.
GRANTEE	One to whom a grant is made. A purchaser.
GRANTOR	One who grants property or property rights. A seller.
GROUND LEASE	A lease of land (usually long-term) on which a tenant generally owns a building/builds its own building but pays for the use of the land.
GUARANTY	A promise by one party to pay a debt or to perform an obligation contracted by another if the original party fails to pay or perform pursuant to a contract.

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HIGH COST HOME LOAN	Any loan or extension of credit except for a reserve mortgage in which the annual percentage rate exceeds the yield on treasury securities by more than 8 percentage points.
HIGHEST AND BEST USE	The possible use of land that will yield the greatest net income and develop the highest land value.
HOLDOVER TENANCY	A tenancy created when a tenant retains possession of a property after its lease expires, and the landlord, by accepting the rent money, agrees to the tenant’s continued occupancy.
HOMEOWNERS’ ASSOCIATION	A non-profit association of homeowners formed for the purpose of managing, maintaining and/or improving the common areas.
HUD (Department of Housing and Urban Development)	The department that regulates the major housing programs in the United States, such as FHA and GNMA.

HUD-1 STATEMENT	The settlement sheet. A document that itemizes funds payable at closing, including, but not limited to, loan fees, escrow amounts, attorneys' fees, prorations and real estate commissions. The HUD-1 must be provided to the borrower at or before closing.
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IMPACT FEES	A municipal assessment against a new development project to compensate for the added costs of public services generated by the new construction.
IMPOUND ACCOUNT	An account held by a lender for payment of taxes, insurance, or other periodic debts against real property. For example, when a mortgagor (owner) pays a portion of the yearly taxes with each monthly payment, the lender deposits that portion into an impound account and then pays the tax bill when due from the accumulated funds.
IMPROVEMENTS	Generally, buildings, but may include any permanent structure or other development, such as a street, utilities, landscaping, etc.
INDEPENDENT CONTRACTOR	One who agrees to perform a certain act or acts according to his/her own methods subject to the control and/or direction of another regarding the end result. An independent contractor pays his/her own expenses, receives no employee benefits and pays his/her own income and social security taxes.
INGRESS AND EGRESS	The access onto and out from land.
INSTALLMENT CONTRACT	In real estate, a method of purchasing property by making periodic payments to the seller. Until paid for in full, the seller holds actual title to the property and the buyer, who may have possession, only holds equitable title. See Conditional Sales Contract; Contract for Deed; Land Contract; Bond for Deed.
INSTITUTIONAL LENDERS	Banks, savings and loan associations and other businesses that make loans to the public in their ordinary course of business.
INSURED MORTGAGE	A mortgage insured against loss to the mortgagee (lender) in the event of default and a failure of the mortgaged property to satisfy the balance owing plus costs of foreclosure. May be federally insured, such as by FHA or VA, or privately, such as by MGIC.
INTEREST RATE	A fee charged by a lender for the borrowing of money for a specified time, usually expressed as an annual percentage.
INTEREST RATE CAP	The maximum interest rate charge allowed on an adjustable rate loan for any one adjustment period during the life of the loan.

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JOINT TENANCY	An interest in property held by two or more people or entities. Upon the death of a joint tenant, that joint tenant's interest passes to the surviving joint tenants, not to the heirs of the deceased joint tenant.

JOINT TENANTS	Those holding under joint tenancy.
JUMBO LOAN	A loan larger than limits set by FNMA and FHLMC (more than \$240,000 as of 1/1/99) and carrying a higher interest rate as it cannot be funded by FNMA and FHLMC.

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LAND CONTRACT	An installment contract for the sale of land. The seller has legal title until the purchase price is paid in full; the buyer has equitable title during the contract term. See: Conditional Sales Contract; Contract For Deed; Installment Contract.
LANDLORD	An owner of leased real estate.
LAND USE PLANNING	The development of long range plans for the use of land in a given area, through comprehensive plans.
LAND USE REGULATION	A general term denoting any regulation of land, whether public (zoning) or private (restrictive covenants).
LEASE	An agreement between a landlord (lessor) and a tenant (lessee) by which a landlord gives the right of possession to a tenant for a specified period of time (term) for a specified consideration (rent).
LEASEHOLD	An estate in realty held under a lease; an estate for a fixed term. A tenant's right to occupy real estate during a lease's term.
LEASEHOLD IMPROVEMENTS	Improvements made by the tenant.
LEASEHOLD INTEREST	The interest the lessee (the tenant) has in the value of the lease.
LEASEHOLD VALUE	The value of a leasehold interest. Usually applies to a long-term lease when market rental for similar space is higher than rent paid under the lease.
LEASE WITH OPTION TO PURCHASE	A lease under which the lessee has the right to purchase the property. For an option to purchase to be valid, the price and terms of the purchase must be set forth in the agreement. The option period may run for the length of the lease or only for a portion of the lease period.
LEGAL DESCRIPTION	A method of geographically identifying a parcel of land acceptable in a court of law. Common forms of legal descriptions include Lot and Block and Metes and Bounds. See: Lot and Block; See Metes and Bounds.
LESSEE	The party to whom a lease (the right to possession) is given in return for consideration (rent).
LESSOR	The party who gives the lease in return for consideration (rent).

LICENSE	<p>(1) The permission to temporarily use land. The permission is revocable and the right to use cannot be sold. For example, parking in a parking lot or visiting a theater.</p> <p>(2) A right to operate granted by a state to operate. In CT, those who need licenses include real estate agents, appraisers, electricians, hairdressers.</p>
LIEN	<p>(1) An encumbrance, either voluntary or involuntary, against property for money.</p> <p>(2) A legal claim on the property of another as security for a debt or obligation.</p> <p>Note: All liens are encumbrances, but all encumbrances are not liens.</p>
LIEN WAIVER	A waiver of the right to a legal claim on the property of another. For example, a mechanic's lien – when a subcontractor (i.e., a roofer, a landscaper, an electrician) signs a mechanic's lien waiver so that the owner or general contractor can receive a draw on a construction loan.
LIS PENDENS	A legal notice recorded to show that a lawsuit affecting title to or possession, use and enjoyment relating to real property has been filed. The filing gives notice that anyone acquiring an interest in that property subsequent to the date of the notice may be bound by the outcome of the litigation.
LISTING	An agreement (a contract) between an owner of real property and a real estate agency whereby an agent agrees to find a buyer or tenant for a specific property for a fee.
LOAN	Borrowed money (principal) typically repaid with interest.
LOAN POLICY	A title insurance policy insuring a lender or a beneficiary under a deed of trust against loss caused by an invalid title in the borrower or loss of priority of the mortgage or deed of trust.
LOAN-TO-VALUE RATIO	The relationship between the amount of the mortgage loan and the appraised value of the property expressed as a percentage.
"LOSS PAYABLE" CLAUSE	A clause in a fire insurance policy listing the priority of claims in the event of destruction of the property insured allowing a lender (or a beneficiary under a deed of trust) to be paid the amount owing under the mortgage (or deed of trust) before the owner.
LOT AND BLOCK DESCRIPTION	A description of real property identifying a parcel of land by reference to lot and block numbers within a subdivision as found on a recorded map.

-M-	
MARKETABLE TITLE	A clear, saleable title reasonably free from risk of lawsuit over possible defects. Under the Connecticut Marketable Record Title Act, marketable title exists when there is an unbroken record title to an interest in real property extending back at least 40 years and nothing appears on the land records in the property's chain of title that purports to divest the owner of title.
MARKET PRICE	The actual selling price of a property.

MARKET VALUE	The probable purchase price at which a willing buyer would pay a willing seller in a competitive market. See: Fair Market Value.
MECHANIC'S LIEN	A statutory lien created in favor of contractors, laborers and materialmen, surveyors, engineers and architects who have preformed work or supplied materials for construction or repair of improvements to a property but have not been paid.
MERGER OF TITLE	An interest in real property merged (absorbed) into a greater interest. For example, a tenant purchases the property he's leasing. The interest as a tenant is merged into the interest as an owner, ending the leasehold interest.
METES AND BOUNDS	A legal description of land beginning at a point, following the boundary lines, using directions and distances around the property, back to the point of beginning (POB).
MISREPRESENTATION	To give a false idea regarding a property. May be by omission or by concealment of a material fact.
MONTH TO MONTH TENANCY	A periodic tenancy where no lease is involved but rent is being paid monthly.
MORTGAGE	The legal document by which real estate is pledged to the lender as security for the repayment of a loan. The borrower (mortgagor) retains possession and use of the property.
MORTGAGE BANKER	One who originates mortgages exclusively for resale on the secondary mortgage market.
MORTGAGE BROKER	One who charges a service fee for bringing together a borrower and lender for the purpose of a loan origination.
MORTGAGEE	The lender.
MORTGAGE GUARANTY INSURANCE CORPORATION (MGIC)	A private corporation that, for a fee, insures mortgage loans, although not insuring as great a percentage of the loan as FHA. (Called "magic" loans.)
MORTGAGE LIFE INSURANCE	A type of life insurance policy. In the event of the insured borrower's death, the mortgage debt is automatically paid by the insurance proceeds.
MORTGAGE POLICY (Lender's Policy)	See: Loan Policy.
MORTGAGE SERVICING	Performing the necessary duties of a lender, such as collecting payments, making sure the taxes are paid, insurance is in force, etc., releasing the lien upon payment in full and foreclosing if in default. Servicing may be done by the lender or a company acting for the lender for a servicing fee.
MORTGAGOR	The borrower.
MULTIFAMILY DWELLING	A building designed as a dwelling for more than one family at the same time.
MULTIPLE LISTING	A service that publishes property listings for its members so that each member may have an opportunity to sell the properties.
MUTUAL RECISSION	The cancellation of a contract by mutual agreement of the parties.

-N-	
NET LISTING	A listing under which a real estate agent receives any amount over a given net amount to the seller. The CT Real Estate Regulations state that no licensee shall accept or enter into a net listing.
NON-CONFORMING USE	A use of property that does not conform to the zoning of the area but is permitted to continue. Usually the property was used in conformity with zoning and then the zoning was changed.
NON-EXCLUSIVE LISTING	A listing under which the real estate broker/agency has an exclusive listing as opposed to other brokers/agencies, but the owner may sell the property without using an agent and not be liable to pay a commission. See: Agency Agreement; Exclusive Agency Agreement.
NOTE	A legal document that obligates a borrower to repay a sum of money at a stated interest rate at a specified date or on demand. A note is usually secured by a mortgage or deed of trust.
NOTICE OF DEFAULT	A written notice filed on the land records to show that the borrower is in default (behind on the payments) under the terms of a mortgage or deed of trust.
NOTICE TO QUIT	A notice by a landlord to a tenant to vacate rented property.

-O-	
OFFER	A proposal for acceptance. An offer should be definite as to price and terms.
OFFER AND ACCEPTANCE	The two necessary elements of a contract to sell real estate; a "meeting of the minds". See also: Offer; Acceptance.
OFFER TO PURCHASE	See: Binder (Fairfield County); Purchase Agreement.
OPEN-END MORTGAGE	A mortgage loan permitting the borrower to borrow additional money up to a stated maximum amount secured by the original mortgage.
OPEN HOUSE	A house that is open without an appointment to prospective buyers (or tenants) for inspection, usually during certain hours and days of the week.
OPEN LISTING	A written authorization to a real estate broker/agency by a property owner, stating that a commission will be paid to that broker/agency upon closing if that broker/agency procures the buyer.
OPTION	The right to purchase property at a specified price within a definite time period. The buyer is under no obligation to purchase but the seller is obligated to sell if the buyer exercises the right to purchase.
ORAL CONTRACT	An agreement not reduced to writing.

ORIGINATION FEE	A one-time fee (points) charged by a lender for making a real estate loan. The fee (usually a percentage of the amount loaned) may include the costs of loan document preparation, a credit check and an appraisal.
OWNER'S POLICY	Title insurance for the owner of property.

-P-	
PACKAGE MORTGAGE	One loan that finances both the purchase of real property and personal property (i.e., appliances).
PITI	An acronym for p rincipal, i nterest, t axes and i nsurance, 4 parts of a monthly mortgage payment. <i>Principal</i> refers to the remaining balance of the amount borrowed. <i>Interest</i> refers to the fee charged the borrower for borrowing the money. <i>Taxes</i> refers to 1/12 of the annual property tax bill. <i>Insurance</i> refers to 1/12 of the homeowner's annual hazard insurance premium.
PLANNED UNIT DEVELOPMENT	A subdivision consisting of single home sites and generally one or more other parcels owned in common or with reciprocal rights in one or more other parcels.
PLANNING COMMISSION	A board of a city, county, or similar local government that must approve proposed building projects.
POINT (loan discount point)	A one-time amount paid to a lender for making a loan. Each point is equal to one percent of the loan amount. Points are paid by the seller in FHA and VA loans and by either the buyer or seller (or both) in conventional loans.
POWER OF ATTORNEY	A legal document authorizing someone to act on behalf of another. The authority can be complete or limited to a specific act or acts. See: Attorney-in-Fact.
PRELIMINARY TITLE REPORT	A report issued by a title company showing the status of a property's title before a sale or loan transaction.
PREPAID FINANCE CHARGE	Any finance charge that is paid separately in cash or by check before or at the time a loan is given. "Prepaid finance charge" also includes credit life accident health disability or unemployment insurance when the cost of the insurance is prepaid with the proceeds of the loan. Prepaid finance charges does not include interim interest between the time of the loan closing and the first payment. Premiums charged by or required to be escrowed by a governmental agency.
PREPAYMENT CLAUSE	The clause in a mortgage or note allowing a borrower to pay off the loan prior to the date of maturity.
PREPAYMENT PENALTY	An amount that may be charged to the borrower by the lender for the early repayment of a debt. The prepayment penalty compensates the lender for the interest on the loan it would now not be earning. Connecticut law may limit the amount of prepayment penalty that a lender may charge.

PRINCIPAL	1) The original amount borrowed or the outstanding balance of a mortgage loan exclusive of interest and any other charges. 2) A main party to a transaction.
PRIVATE MORTGAGE INSURANCE (PMI)	Insurance generally required by a lender when the borrower's down payment is less than 20% of the purchase price, enabling a lender to make a conventional loan of a higher percentage of the property value. The cost of private mortgage insurance is usually included in the borrower's monthly mortgage payment.
PROCURING CAUSE	The unbroken chain of events that brings about the result.
PROMISSORY NOTE	A written promise to pay a specified amount during a limited time, or on demand to a named person, to order, or to bearer.
PROPERTY OWNER'S ASSOCIATION	See: Homeowners Association.
PROPERTY TAX	A tax levied on real and/or personal property, the amount of which is dependent upon the property's value.
PRORATION	Distribution of a property's expenses (i.e., property taxes, insurance premiums, rental income, heating fuel, etc.) between buyer and seller proportionally to time of use or the date of closing.
PURCHASE and SALE AGREEMENT	An agreement between a buyer and seller of real property setting forth the price and terms of the sale.
PURCHASE MONEY MORTGAGE	A note secured by a mortgage or deed of trust given by a buyer to a seller as part of the purchase consideration. This is also known as seller financing.

-Q-	
QUITCLAIM DEED	A deed that transfers whatever interest the grantor/seller has in a property without warranties, guarantees or obligations.

-R-	
RADON	A radioactive gas sometimes found in homes that can cause health problems.
RATE LOCK	A lender's commitment to a borrower guaranteeing for a specified period of time a specified interest rate and lender costs.
READY, WILLING AND ABLE	One prepared to buy real property on the agreed upon terms and conditions.
REAL ESTATE/REAL PROPERTY	Land and anything permanently affixed to the land, such as buildings, fences, trees, minerals, and those things attached to the buildings, such as light fixtures, plumbing and heating fixtures, or other such items that would be personal property if not attached.

REALTOR®	A real estate licensee who is a member of the local, state and National Associations of Realtors®.
RECISSION	Cancellation.
RECORDED MAP	A map filed in a recorder's (the town clerk's) office. Reference to a recorded map is commonly used in legal descriptions.
RECORDING	The act of filing or recording documents affecting interests in real property as a matter of public record, giving notice to future purchasers, creditors, and other interested parties.
RECORDING FEES	Money paid for recording the sale of property documents on the land records. Usually \$10 for a document's first page and \$5 for each subsequent page.
REDLINING	The discriminatory practice of denying loans or insurance to people trying to buy or live in certain areas.
REFINANCE TRANSACTION	Paying off one loan with the proceeds from a new loan, using the same property as security.
REGISTRAR OF DEEDS	A term used to describe the person in charge of recorded instruments. Also known as a recorder. Connecticut's recorders would be the town clerks.
REINSTATEMENT	Payment of a note, mortgage, deed of trust, etc., to bring it from default to good standing.
RELEASE	An instrument releasing property from the lien of the mortgage, judgment, etc. In some areas, a "discharge" is used instead of a release.
RENT	A fixed periodic payment made by a tenant for the occupancy and use of real property.
RESPA (Real Estate Settlement Procedures Act)	A federal statute effective June 1975, requiring federally insured lenders to provide home mortgage borrowers with information of known or estimated settlement costs in the sale of residential (one to four family) improved property.
RIGHT OF FIRST REFUSAL	A provision in an agreement that requires the owner of a property to give another party the first opportunity to buy or lease that property before it is offered to anyone else.
RIGHT OF WAY (ROW)	A strip of land used as a roadbed, either for a street or railway. The land is set aside as an easement or in fee, either by agreement or condemnation. May also be used to describe the right one has to pass over the land of another.
RIPARIAN RIGHTS	An owner's rights in land bordering flowing water (i.e., a stream or river). The rights include access to and the use of the water.

-S-	
SALE-LEASEBACK	A seller conveys real property to a buyer for consideration and the buyer simultaneously leases the property from the buyer. Although the lease actually follows the sale, both are agreed to as part of the same transaction.
SALES CONTRACT	An agreement between a buyer and seller containing all of the essential terms and conditions for the sale of real estate. Not to be confused with a land contract (a conditional sales contract). See: Purchase Agreement.
SATISFACTION	A document acknowledging the repayment of debt. Also known as a "release of mortgage".
SECONDARY FINANCING	A loan secured by a mortgage or deed of trust, which lien is generally junior (secondary) to an existing mortgage or deed of trust.
SECONDARY MORTGAGE MARKET	A market for the buying and selling of existing first mortgages that enables lenders to keep an adequate supply of money for new loans. Mortgages originate in the primary mortgage market. The secondary mortgage market should not be confused with second mortgages.
SECOND MORTGAGE	A mortgage made subsequent to the first mortgage and generally subordinate in priority to the first mortgage.
SECURITY	The property pledged as collateral for a loan.
SEPTIC SYSTEM	A sewage system, whereby waste is drained through pipes into a septic tank.
SEPTIC TANK	An underground tank into which a sanitary sewer drains from a building.
SETBACK	The amount of space required by zoning between a lot line and a building line.
SETTLEMENT STATEMENT	A statement, generally provided at closing, giving a complete breakdown of costs involved in a real estate sale. Also known as the HUD-1.
SEWER	A pipe or other conduit, usually underground, which carries waste materials/water to a point of disposal.
SIMPLE INTEREST	Interest computed only on the principal balance.
SIMULTANEOUS ISSUE	When a title insurance company issues title policies insuring both an owner and a lender. The lender's policy may be issued at a reduced rate or at no additional cost.
SINGLE-FAMILY	1) A term originally used to distinguish a house designed for use by one family from an apartment house. More recently, used to distinguish a house from a planned development or condominium. 2) One-to-four unit properties.
SPECIAL ASSESSMENT	A tax or levy imposed against specific parcels of real estate that will benefit from a proposed public improvement such as a street or sewer.

SPECIFIC PERFORMANCE LAWSUIT	A legal action to compel the performance of a contract when money damages for breach would not be satisfactory.
STANDBY COMMITMENT	A lender's commitment to issue a loan after completion of construction in the event a permanent loan cannot be obtained. The standby loan is generally at a higher interest rate than a permanent loan; a standby fee may be charged.
STATUTE OF FRAUDS	The law that requires certain documents to be in writing to be legally enforceable. The Statute of Frauds applies to documents for the purchase and sale of real property.
STEERING	The illegal and discriminatory practice of attempting to restrict the choices of a buyer or tenant to specific areas.
SUBDIVISION	A division of a single parcel of land into smaller parcels (lots) by filing a map describing the division and obtaining approval by a governmental commission (city or county). The exception is a condominium, which is sometimes called a "one lot subdivision".
SUBDIVISION MAP	A map submitted by a sub-divider to the proper governmental body for approval in order to establish a subdivision. When the map is approved and recorded, it becomes the basis for the legal description of the subdivision.
SUBLET	When a tenant leases a premises to a third party for a part of the tenant's lease term.
SURVEY	A map or drawing of land, prepared by a registered land surveyor, showing the legal boundaries with reference to known points, dimensions and the location of buildings on the land, easements and encroachments.

-T-	
TAX DISTRICT	An area over which a governmental body has authority to levy property taxes.
TAX LIEN	A charge against property created by operation of law. For example: (1) A lien for non-payment of property taxes, attaching only to the property upon which the taxes are unpaid. (2) A federal income tax lien. This lien may attach to all property of the one owing the taxes.
TENANCY BY THE ENTIRETY	A type of joint tenancy available only to a husband and wife during marriage. Upon the death of one spouse, the survivor becomes the owner of the entire property.
TENANCY IN COMMON	A type of joint tenancy by two or more persons in which each owner owns an undivided interest. In the event of the death of one of the tenants in common, that tenant's interest passes to his estate or his heirs.
TENANCY AT SUFFERANCE	A tenancy where one who comes into possession of the premises lawfully, but continues to occupy the premises after its right has expired (holds over).

TENANCY AT WILL	Where a tenant has continuous possession of the premises by permission of the owner/landlord, but without agreement for a fixed term of possession. Either party may terminate the estate.
TENANT	A holder of property under a lease or other rental agreement.
TIME IS OF THE ESSENCE	Clause used in a contract that requires the performance of a certain act at or by a specified time. Failure to do so is a default.
TITLE	Evidence of the right to or ownership in property. In real estate, the document that evidences title is the deed.
TITLE INSURANCE	Insurance against loss resulting from title defects or claims arising from disputes of ownership of a specifically described property.
TITLE SEARCH	A review of all recorded information to real property to disclose the past and current facts.
TRUTH-IN-LENDING	A federal law that requires the full, written disclosure of the terms and conditions of a mortgage and the annual percentage rate to a homebuyer. Also known as Regulation Z.

-U-	
UNILATERAL CONTRACT	A contract in which one party makes a promise to induce a second party to act (accept the offer). The second party has no obligation to act, but if it does, the first party is obligated to keep its promise. An example is a listing broker's offering of properties through MLS: When a co-broke accepts a listing broker's offer of cooperation and compensation by bringing a ready, willing and able buyer to a closing, the listing broker compensates the seller broker.
UNIMPROVED LAND	Land in its natural state without buildings, roads, sewer, electricity.
UNLAWFUL DETAINER	The unjustifiable possession of property by a tenant whose original entry was lawful (i.e., a tenant under a lease) but whose right to possession has terminated.
USE AND OCCUPANCY AGREEMENT	A written agreement between a seller and buyer that allows a buyer to use and occupy the seller's property before the buyer takes title or allows a seller to use and occupy his/her property after title has passed.
USURY	Interest charged in excess of the legally established rate.

-V-	
VACANCY	The term generally used to describe a property available for rent.
VACANT LAND	Land without buildings or improvements (i.e., sewers, roads, electricity, etc.). Unimproved land.

VACATE	(1) To move out. (2) A legal term meaning to set aside or annul, as to vacate a judgment.
VA LOAN MORTGAGE	A no-money-down or a low down payment loan guaranteed by the Department of Veteran Affairs generally restricted to those qualified by military service.
VARIABLE INTEREST RATE	An interest rate that fluctuates as the prevailing rate moves up or down. In mortgages there are usually caps to the frequency and amount of fluctuation.
VARIANCE	A change to a zoning requirement without changing the zoning, usually with respect to a certain piece of property under certain circumstances.
VOLUNTARY LIEN	A lien placed against real property by the voluntary act of the owner. Most commonly, a mortgage or deed of trust.

-W-	
WAIVER	The relinquishment of a right. In construction, the voluntary waiver by subcontractors of their mechanic's lien rights in order for the owner to obtain advances (draws) under a construction loan.
WARRANTY	A legally binding promise, given at the time of a sale, whereby the seller gives the buyer certain assurances as to the condition of the property being sold.
WARRANTY DEED	See: General Warranty Deed.
"WEAR AND TEAR"	The deterioration or loss in value caused by the normal and reasonable use of the property. In leases, the tenant is not usually responsible for "normal wear and tear."
WRAP AROUND MORTGAGE	A type of mortgage resulting from an existing assumable mortgage being combined with a new loan creating an interest rate between the old rate and the current market rate. Payments are made by the borrower to the second lender who then forwards the first mortgage payment to the lender, after taking the difference for itself.

-Z-	
ZONING	The division of a city or county by legislative regulations into areas (zones), specifying the uses allowable for the real property in these areas.
ZONING MAP	A map of a community showing the zones of permitted uses under that community's zoning ordinances.
ZONING ORDINANCE	A law (usually at the city or county level) controlling the use of land and construction of improvements in a given area (zone).
ZONING VARIANCE	See: Variance.

