

PRENTICE-HALL
SERIES IN REAL ESTATE

WILLIAM H. PIVAR

The ideal review tool and a whole new concept in real estate license training. Every chapter includes 150 applicable MULTIPLE CHOICE questions. A complete glossary of terms and phrases. Contains detailed explanations, study aids, examination aids, and additional review questions and answers.

FOURTH EDITION

CALIFORNIA REAL ESTATE LICENSE PREPARATION TEXT

**CALIFORNIA
REAL ESTATE LICENSE PREPARATION
TEXT
4th Edition**

Dr. William H. Pivar

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College of the Desert*

PRENTICE-HALL, INC., / Englewood Cliffs, N.J. 07632

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77-80582

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Printed in the United States of America.

10 9 8 7 6 5 4 3 2

ISBN 0-13-112532-X

Prentice-Hall International, Inc., London
Prentice-Hall of Australia, Pty. Ltd., Sydney
Prentice-Hall of Canada, Ltd., Toronto
Prentice-Hall of India Private Limited, New Delhi
Prentice-Hall of Japan, Inc., Tokyo
Prentice-Hall of Southeast Asia, Pte. Ltd., Singapore
Whitehall Books Limited, Wellington, New Zealand

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INTRODUCTION

This text was written to fulfill three basic purposes.

1. To provide a comprehensive background in California Real Estate principles.
2. To provide instructions and experience in the examination techniques.
3. To provide material relevant to the California Real Estate Examinations.

The text includes the most complete glossary of words and phrases in the real estate area and should be used as a study tool.

ABOUT THE AUTHOR

Dr. William H. Pivar is the Real Estate Coordinator for College of the Desert. Prior to entering the educational field he served as a Corporate Attorney for a large real estate developer. His previous book, *California Real Estate Text*, was first published in 1969. Dr. Pivar was responsible for setting up real estate training programs for some of the nation's largest real estate firms and he has lectured extensively. He is considered by many educators to be among the foremost authorities on California Real Estate Law.

THE LANGUAGE OF REAL ESTATE

Words and Phrases

Note: It is strongly recommended that students read through this section at least once during each week of study.

- A.L.T.A. — AMERICAN LAND TITLE ASSOCIATION — An extended coverage policy of title insurance to protect the lender.
- ABATEMENT — A method of termination of a nuisance.
- ABSTRACT — Recorded history of a property (copies of all recorded documents)
- ABSTRACT OF JUDGMENT — A condensation of a court judgment which, when recorded in county where property of debtor is located, becomes a lien on said property.
- ABUT — To border on or to touch.
- ACCELERATION CLAUSE — Clause in a note giving lender right to demand entire balance owing upon the happening of some event
- ACCESS RIGHT — Right of owner for ingress and egress
- ACCESSION — Acquiring property because it has become joined with other property.
Example: fixtures
- ACCOMMODATION PARTY — A third person who signs a negotiable instrument to give it strength
- ACCRETION — Addition to land from build up of soil or action of water
- ACCRUED DEPRECIATION — The difference between the replacement cost new at the present time and its present value
- ACKNOWLEDGEMENT — A declaration made before a notary by an individual that he has, in fact, executed (signed) a document
- ACTION IN PERSONAM — Legal action against a person
- ACTION IN REM — Legal action against property
- ACQUISITION — Act of procuring property
- ACRE — A measurement of land equal to 43,560 sq. ft. or 208.7 ft. by 208.7 ft.
- ADMINISTRATIVE PROCEDURES ACT — An act which covers procedures for hearings by administrative agencies, such as hearings for revocation, denial or suspension of real estate licenses
- ADMINISTRATOR — A person appointed by probate court to administer the estate of a deceased
- ADMINISTRATRIX — Woman administrator
- ADOBE — A type of soil (also a type of brick)
- AD VALOREM — A tax according to value (real estate property tax)
- ADVANCE FEE — Fee charged by business opportunity broker for advertising (must be in a publication primarily devoted to sale of property)
- ADVERSE POSSESSION — Holding property adverse to owner's right. Title can be gotten by adverse possession
- AFFIDAVIT — A written statement sworn to under oath
- AFFIRM — To ratify or verify
- AFFIRMATION — A solemn statement before a court by a person whose religion prohibits him from taking an oath
- AFTER ACQUIRED TITLE — A title or interest acquired by a grantor after he has conveyed the property
- AGENCY — Relationship between principal and agent whereby agent is empowered to act for principal
- AGENT — One who represents another
- AGREEMENT OF SALE — Written contract setting forth conditions of sale
- ALIENATION — Transfer

ALIENATION CLAUSE — Type of acceleration clause requiring existing loan to be paid if property is transferred
ALLUVIUM — Soil deposited by action of water (accretion)
AMEND ESCROW INSTRUCTIONS — A change in escrow instructions such as an extension. Both parties must sign.
AMENITIES — Satisfaction derived from living in a home, such as the quality of life.
AMORTIZATION — Payment of a debt on an equal installment basis where last payment liquidates obligation
ANCHOR BOLT — Bolts used to anchor the mud sill to the foundation
APPRAISAL — An opinion of value
APPRECIATION — A rise in value
APPROPRIATION OF WATER — Diverting water to your own use. Appropriator, after doing so for a period of time, obtains a continuing right (right of prior appropriation)
APPURTENANCE — Something which belongs with another and goes with it (a house with land)
ASSEMBLAGE — The act of bringing together two or more contiguous parcels to form a larger parcel.
ASSESSED VALUE — Value placed for tax purposes
ASSESSMENT — Amount of tax levied
ASSETS — Property owned by or owed to a business
ASSIGNMENT — Turning over to another your rights in property
ASSIGNOR — One who assigns to another
ASSIGNS / ASSIGNEES — Those to whom property has been assigned
ASSUMPTION — Taking over an obligation of another and agreeing to pay
ATTACHMENT — Seizure of property before judgment under court order to make sure it will be available after judgment. (Attachment lien good for three years — no longer allowed in California)
ATTORN — Recognize and agree to pay new landlord.
ATTEST — To witness a document
ATTORNEY IN FACT — One who operates under a Power of Attorney. Not necessarily a legal attorney
AVULSION — Tearing away of land by action of water
AXIAL GROWTH — Finger-like growth in all directions from city center following highways, rivers, etc.

BACKFILL — Filling in dirt around excavated foundation
BAILMENT — Giving possession of personal property for some purpose but retaining title. (Examples: renting a trailer, leaving shoes for repair.)
BALANCE SHEET — Shows net worth by listing assets on one side and liabilities on the other.
BALLOON PAYMENT — A final installment payment greater than preceeding payments needed to pay debt in full.
BAND OF INVESTMENT METHOD — A method to find an average capitalization rate to use for appraising
BANKER'S INTEREST — Interest based on 30 day month
BANKRUPTCY — A legal procedure whereby one can eliminate his unsecured debts (to eliminate secured debts one must surrender security). A person cannot go bankrupt more than once every six years.
BASEBOARD — A narrow board placed against the wall at the floor around a room
BASE LINE — East-West surveyor's line used to locate property
BASE SHOE OR MOLDING — Molding used in conjunction with the baseboard
BATTEN — Wood strips to cover joints (board and batten siding)
BEAM — A heavy horizontal structural member
BEARER PAPER — An instrument made out "to bearer" or to "cash". No endorsement necessary to negotiate it.

BEARING WALL — A wall which also acts to support the building
BENCH MARKS — A location marker placed by a surveyor
BENEFICIARY — One benefitted by a trust or the lender under a deed of trust
BENEFICIARY STATEMENT — Statement by a lender as to the condition of a trust note (balance)
BEQUEATH — Giving by Will
BEQUEST — That which is given by Will
BI-LATERAL CONTRACT — A promise made for a promise
BILL OF SALE — Written instrument passing title to personal property
BLANKET MORTGAGE — One encumbrance covering several separate properties.
BLIGHTED AREA — Economically declining area. Rapidly depreciating, such as slum areas
BLIND ADVERTISEMENT — An ad which fails to state advertiser is a broker or agent
BOARD FOOT — A measurement for lumber. 1 foot x 1 foot x 1 inch or 144 cubic inches
BOOK VALUE — A value at which a firm carries an asset on its books. Its cost plus improvement expense less depreciation
BOOT — Additional money or property given to even up a trade of property
BRACING — Diagonal boards for rigidity (located in corners)
BRIDGING — Diagonal boards nailed between joists
BROKER — One employed as an agent for real estate dealings. Only a broker can employ a salesman.
BROKERS NET INCOME — An optimistic figure which does not take into account vacancy factor, collection costs, or management expenses when computing a property's net
BTU — British Thermal Unit. A unit of heat measurement. Heat needed to raise one pound of water one degree Fahrenheit. Used to measure capacity of heating units.
BUILDING LINE — Set back for building
BUILDING PAPER — Tar paper used as vapor barrier in walls and roof
BULK SALES ACT — Part of Uniform Commercial Code. Requires recording and publication of sales not in the course of usual business
BUNDLE OF RIGHTS — Includes all rights that are incidental to ownership (right to sell or lease)

CAL VET LOANS — Loans made to California Veterans which are administered by the California Department of Veterans Affairs
CAPITAL ASSETS — Physical assets (land, buildings and equipment)
CAPITAL GAIN — Profit from the sale of a capital asset (tax advantage)
CAPITAL LOSS — Loss from the sale of a capital asset
CAPITALIZATION METHOD — An appraisal method based on income of a property
CAPITALIZATION RATE — A percentage of return which is divided into net income to arrive at value
CASEMENT WINDOW — Window on hinges which swings outward
CASH FLOW — Amount of cash left over from gross receipts after cash expenses (does not consider paper expenses such as depreciation)
CASING — Wood trim around doors and windows
CAVEAT EMPTOR — "Let the Buyer Beware." The old rule now being replaced with duties on the seller
CC&R's — Covenants, conditions and restrictions
CERTIFICATE OF TITLE — An opinion of title showing liens
CHAIN — A surveyor measurement equal to 66 feet
CHAIN OF TITLE — A history of the actual conveyances from the original patent to the present owner
CHATTEL — Archaic term for personal property
CHATTEL MORTGAGE — A mortgage on personal property
CHATTEL REAL — An interest in real property (a lease)

CHRONOLOGICAL AGE — Actual age of structure

CIRCUIT BREAKER — A safety device which shuts off electricity in the event of an overload (used instead of a fuse)

CLAPBOARD — Overlapped horizontal board siding

CLEARANCE RECEIPT — A receipt from the State Board of Equalization for the sale of a business, certifying that the sales taxes have been paid to a certain date

CLOSING STATEMENT — Final accounting statement for a real estate transaction

CLOUD ON TITLE — Anything of record which may create any possible doubt as to marketability of the title.

CLTA — California Land Title Association. A CLTA policy is a policy of title insurance for the buyer.

CODICIL — An amendment to a Will

COLLAR BEAM — A horizontal beam connecting opposite rafters

COLLATERAL — Property given as security for a loan

COLLUSION — Agreement to defraud or to perform an illegal act

COLOR OF TITLE — An appearance of having title but actually not having title at all.

COMMERCIAL ACRE — The net remainder of an acre after deduction of land for streets, walks, etc.

COMMERCIAL PAPER — Bills and drafts used in lieu of currency in a business

COMMINGLING — Failure to properly segregate funds of licensee from funds entrusted to licensee as an agent

COMMISSION — An agent's percentage for successfully completing a sale, lease, etc.

COMMITMENT — A pledge or promise — a loan commitment is a promise to make a loan

COMMON LAW — The unwritten law of England carried over into our statutes

COMMUNITY APARTMENT PROJECT — Two or more cooperative apartment units where each tenant has an undivided interest in the entire building plus the right to occupy a particular unit

COMMUNITY PROPERTY — Property acquired during marriage owned equally by husband and wife

COMPACTION — Packing soil to support a building load. Important where fill material has been used

COMPLETE ESCROW — Escrow in which everything required to be done has been completed

COMPOUND INTEREST — Interest paid both on previously accumulated interest and principle

CONDEMNATION — Process of taking of private property for public use. Also declaration that property is unfit for use.

CONDITION PRECEDENT — Passing of title not accomplished until condition has been fulfilled.

CONDITION SUBSEQUENT — Reversion of title to previous owner upon happening of some event.

CONDITIONAL COMMITMENT — Promise to make a loan of a specified amount to a buyer yet unknown providing his credit is O.K.

CONDITIONAL SALES CONTRACT — A sales contract for personal property where buyer obtains possession but seller retains title as security

CONDOMINIUM — A subdivision where there is individual ownership of the units themselves but joint ownership of common areas

CONDUIT — Metal pipe containing electrical wires

CONFESSION OF JUDGMENT — Debtor agrees to judgment by voluntary admission

CONSERVATOR — Appointed by court to handle property of one unable to handle his own affairs

CONSIDERATION — Something of value given in exchange for a promise, act, or property

CONSTRUCTIVE EVICTION — An act of landlord materially affecting tenants quiet possession which entitles him to consider tenancy at an end

CONSTRUCTIVE NOTICE — The notice given by recording. While parties are not actually notified it serves as notice

CONSTRUCTIVE SEVERANCE — When crops are sold they are considered to be personal property even though they have not been physically severed

CONSUMER GOODS — Goods used for personal or household purposes rather than in production

CONTIGUOUS — Adjoining, actually touching

CONTINGENT REMAINDER — A remainder interest in property which will only vest if some contingency is met

CONTRACT — An agreement enforceable by law

CONTRACTION PERIOD — Follows recession period. During this time real estate prices hit their low point.

CONVENTIONAL LOAN — A loan neither guaranteed or insured by the government. Made by a lending institution

CONVERSION — Taking property of others and converting it to your own use

CONVEYANCE — A transfer of property

CORNER INFLUENCE — Additional value to commercial property because of corner location

CORNICE — Ornamental stonework on top of wall or building

CORPORATION — A legal entity created by law (advantage — no personal liability of stockholder for debts of corporation)

CORRECTION LINES — Surveyor lines to compensate for curvature of the earth in government surveys. Results in some townships not containing 36 sq. miles and some sections of less than 640 acres.

COTSWOLD — Two-story English stone cottage

COUNTER FLASHING OR FLASHING — Metal work around chimney and vents to keep out rain

COUNTY BOARD OF SUPERVISORS — Set tax rate, sit as County Board of Tax Equalization for assessment appeals and also hear zoning appeals

COVENANT — A promise. When recorded it runs with the land and binds subsequent owners

C.P.M. — CERTIFIED PROPERTY MANAGER. A member of the Institute of Real Property Management of NAR

CRAWL SPACE — Air space between ground and floor for homes not built on concrete slabs. Minimum height, 18 inches. Minimum size of access hole, 18 inches by 18 inches.

CREA — California Real Estate Association

CREDITOR — One to whom something is owed

CRIPPLE — Short vertical piece of 2x4 above or below an opening

C.R.V. — Certificate of Reasonable Value (required for VA loans)

CUL DE SAC — A dead-end street ending in a circle. Desirable for homes as subject to little traffic

CURABLE DEPRECIATION — Depreciation which can be corrected within reasonable limits of expense. If not, it is incurable

CURTAIL SCHEDULE — A loan schedule showing payments and amount that principle is reduced by each payment

CURTESY — Common law right a husband has in his wife's estate. Not in California

DAMAGES — Amount of injury suffered for which the injured party can recover from the wrongdoer

DEBTOR — The person who owes money

DECIDUOUS TREES — Trees that lose their leaves as opposed to coniferous

DECLARATION OF HOMESTEAD — A recorded document giving person an exemption from unsecured liens. Filed on home by owner at time he is living in it

DECLARATION OF RESTRICTIONS — Restrictions recorded by the subdivider to cover all the parcels

DECLINING BALANCE DEPRECIATION — An accelerated method of depreciation used for tax purposes

DEDICATION — Giving real property free of charge to a public body

DEED — Written instrument conveying title to real property
DEED OF RECONVEYANCE — Deed given by trustee to trustor when trustor has paid up the trust note
DEFAULT — Failure to meet an obligation
DEFEASANCE CLAUSE — Conditions set forth for foreclosure in a mortgage
DEFEASIBLE ESTATE — Estate which may be lost on the happening of some event (condition subsequent)
DEFERRED MAINTENANCE — Needed maintenance which has not been performed
DEFICIENCY JUDGMENT — A judgment obtained when foreclosure sale of the loan security does not satisfy the entire debt
DEGREE — A measurement for angles. Each degree is 360th of a circle. A degree may be broken down into minutes, which are 1/60th of a degree.
DEMISE — Transfer of a leasehold interest
DEPOSIT RECEIPT — Now known as purchase contract and receipt for deposit. It is an offer to purchase given by buyer and accepted by seller
DEPRECIATION — A loss in value of property
DEPTH TABLE — An appraisers table to find the additional value attributable to additional depth of a property
DERELICTION — Land created by permanent recession of water
DESCENT — Passing of property to an heir
DESIST AND REFRAIN ORDER — Order by Real Estate Commissioner to stop violation of real estate law
DEVISEE — A person who receives under a Will
DEVISOR — One who gives by Will
DIRECTIONAL GROWTH — Area in which residential sections are spreading from the city
DISCOUNT LOAN — A loan in which the interest is deducted in advance from the proceeds
DISCOUNTING A LOAN — Selling a loan for less than value owed.
DISINTERMEDIATION — The sudden withdrawal of savings from banks and savings and loan institutions
DOCUMENTARY STAMPS — A county tax on the equity transferred in a real estate transaction over \$100. Tax is 55c per \$500 or portion thereof.
DOMINANT TENEMENT — The estate which has the use of land of another under an easement
DONEE — A person receiving a gift
DONOR — A person who makes a gift
DOUBLE ESCROW — Use of one escrow by an individual to both buy a property and resell it. Used by dealers and speculators
DOUBLE HUNG WINDOW — Window which slides up and down vertically
DOWER — A wife's right in her husband's estate under common law. Not in California.
DRYWALL — Interior wallboard treatment other than plaster (which is applied wet)
DURESS — Unlawful constraint where person is forced to act. May be threat or actual violence

EASEMENT — Right of owner of property to use land of another for a special purpose
EASEMENT IN GROSS — A right to use land of another by someone who is not a land owner (no dominant tenement)
EAVES — The part of the lower roof which projects beyond the walls
ECONOMIC LIFE — That period for which a property gives a financial return attributable to the improvements and not the land
ECONOMIC OBSOLESCENCE — A decline in value or depreciation caused by forces outside the property itself
EFFECTIVE AGE — Age placed by appraiser based on actual condition not years.
EFFECTIVE GROSS INCOME — Gross less vacancy factor and collection loss
EJECTMENT — A legal action to oust a trespasser or encroacher
ELEEMOSYNARY — Charitable
ELLWOOD TABLES — An appraising method

EMBLEMENTS — Cultivated crops (tenant has right to take crops after tenancy has ended if the product of his labor)
EMINENT DOMAIN — Right of government to acquire private property for public or quasi-public use. Owner is compensated
ENCROACHMENT — This is a trespass where a building or improvement is placed on or over the land of another
ENCUMBRANCE — Anything affecting title or use, such as liens, easements, covenants, etc.
ENDORSEMENT — Signing your name on the back of a negotiable instrument
ENVIRONMENTAL IMPACT REPORT (E.I.R.) — Required for all projects which may have a significant effect on the environment. Required under Environmental Quality Act of 1970
EQUITY — A person's financial interest in property. The difference between its value and what is owed against it. The term also means justice or what is right.
EQUITY OF REDEMPTION — The right of a mortgagor to redeem his property after foreclosure. One year in case of foreclosure by court action.
ERNEST MONEY — Money given with an offer
EROSION — The wearing away of land by action of water
ESCALATOR CLAUSE — A clause in a contract or lease providing for adjustments in costs upward or downward
ESCHEAT — The reversion of property to the state when a person dies without either a Will or heirs
ESCROW — A neutral depository for documents and funds to carry out instructions in a real estate transaction
ESTATE — An interest in property
ESTATE FOR LIFE — A freehold interest that a person has in property for the duration of his life or someone else's life. His interest is not inherited by his heirs but either reverts to grantor or goes to someone having a remainder interest
ESTATE FOR YEARS — An interest for a definite period of time (Example: a lease for a specified period)
ESTATE OF INHERITANCE — An interest that may be inherited
ESTATE OF WILL — An estate which can be terminated without notice by either party (not in California)
ESTOPPEL — A doctrine whereby a person is barred from raising defenses when, by previous statements, he induced another to act to their detriment
ESTOVERS — Tenants reasonable right to use timber from the premises for fuel, fences, etc.
EL AL — "and associates"
ET UX — "and wife" (on a deed)
ETHICS — Principle of moral conduct to others. (Realtor's Code of Ethics comes from NAR)
EXCEPTION IN DEED — Exclusion of part of property from the grant
EXCLUSIONARY CLAUSE — A clause in a deed excluding part of the property from the grant
EXCLUSIVE AGENCY LISTING — A listing whereby the agent is entitled to a commission if anyone other than the owner procures a buyer
EXCLUSIVE RIGHT TO SELL LISTING — A listing whereby the agent is entitled to a commission if the property is sold by anyone during the listing
EXCULPATORY CLAUSE — A clause in a contract excusing one person for injuries which may result. Frequently inserted by lessors in leases.
EXECUTE — To sign or to complete
EXECUTED CONTRACT — A contract which has been performed
EXECUTION OF JUDGMENT — Having sheriff collect on a judgment by going against property of debtor
EXECUTOR — Person named in a Will to carry out wishes of deceased
EXECUTORY CONTRACT — A contract which has not yet been fully performed
EXECUTRIX — Woman executor

EXEMPLARY DAMAGES — Damages in excess of actual loss for purpose of punishment (punitive). Awarded when damage was willful or outrageous

EXPANDABLE HOME — Home designed for further expansion

EXPANSION JOINT — Fiber joint in concrete to prevent cracking

EXTENSION OF LEASE — Continuing under old or existing lease as opposed to renewal of lease, which would be a new lease

FACADE — Front of a building

FAIR EMPLOYMENT PRACTICES COMMISSION — Responsible for enforcement of Rumford Act (fair housing)

FEE — An estate of inheritance

FEE SIMPLE — Highest possible ownership. No time limit and it can be transferred or inherited

FELON — One convicted of a felony

FELONY — Crime punishable by imprisonment or death

FIDUCIARY — A person in a position of financial trust and loyalty

FILTERING DOWN — The fact that housing tends to pass to lower and lower income groups

FINANCING STATEMENT — A notice filed by lender with the Secretary of State to give public notice of a security interest in personal property

FIRE STOP — A solid board or wall to prevent fire from spreading

FIRM COMMITMENT — A loan commitment made when the borrower is a known person as opposed to a conditional commitment

FIXTURE — An item of personal property that has become so affixed to realty so as to become part of the real estate

FLOOR SPACE — Interior square footage

FOOTING — Poured concrete at the bottom of the foundation that spreads the building load to the soil

FORECLOSURE — Procedure whereby property used as security for a loan is sold to pay the debt in event of default

FORECLOSURE BY ACTION — Foreclosure through the courts (possibility of a deficiency judgment)

FORESHORE — Land laying between the high and low water marks

FORFEITURE — Loss of money or property because of failure to perform

FOUNDATION — The supporting part of a building (masonry substructure)

FRANCHISE — A special privilege not otherwise entitled to

FRANCHISE INVESTMENT LAW — Part of Corporation Code which prohibits the sale of franchises where there is a likelihood that the franchisor's promises will not be fulfilled or where fraud is present

FRAUD — Intentional trickery or deceit to induce another to act to his detriment

FREE LOT SCHEME — Lottery where lots are given away (everybody wins) but a large charge for transfer expense (no longer allowed)

FREEHOLD — An interest in land either for life or in FEE SIMPLE

FRONT FOOT — Linear measurement of a lot by footage on its street side

FROST LINE — Depth to which frost penetrates in the ground. Building footings are placed below the frost line

FUNCTIONAL OBSOLESCENCE — Obsolescence due to design or construction of a building (built-in obsolescence)

FUNGIBLE — Goods which are like and can be replaced by measure such as oil, corn, etc.

FURRING — Strips of wood applied to wall prior to paneling or other treatment to give wall a smooth finish

G.N.P. — Gross National Product. The total of all goods and services produced in the nation during a year

G.R.I. — Graduate Realtors Institute. Professional designation which requires seminar attendance and courses of study

GNMA — Government National Mortgage Association

GABLE ROOF — A roof in which two sides slope and meet at the top

GAMBREL ROOF — A roof with a steep lower slope and a flatter upper slope (Dutch Colonials and barns)

GARNISHMENT — A legal seizure of funds or property of a debtor

GENERAL LICENSE — License for sale of all alcoholic beverages — either off-sale or on-sale

GENERAL POWER OF ATTORNEY — Power given by a principle to his agent to do anything that the principle can do as opposed to a power for a specific purpose

GEODETIC SURVEY — United States Government Survey

GIFT CAUSA MORTIS — A gift made in contemplation of death. Treated for inheritance tax purposes as being part of deceased estate

GIFT DEED — A deed where the only consideration is love and affection

GIFT TAX (California) — Taxed to donee. Annual exemption of \$3,000 per year for each donee.

GIFT TAX (Federal) — Taxed to donor. Lifetime exemption of \$30,000 + yearly exemption of \$3,000 per donee

GINNY MAY — Government National Mortgage Association — Provides special assistance for federally aided housing projects

GIRDER — Horizontal beam to support joists

GOOD WILL — The value given to the expectation of continued public patronage

GOVERNMENT SURVEY — A method of describing property measuring from base lines and meridians

GOVERNMENTAL LOAN — Loan made by conventional lender with government guarantee or insurance

GRADE — Ground level or slope

GRADUATED LEASE — Lease providing varying rents based on changes which might occur

GRANDFATHER CLAUSE — Permits or exempts existing things but applies to new ones

GRANT — A transfer

GRANTEE — Person who receives title

GRANTING CLAUSE — Clause in a deed indicating title is passing

GRANTOR — Person who transfers title

GRID — A chart used by lender in evaluating property, area and borrower

GROSS INCOME — Total income before deductions

GROSS MULTIPLIER — A rough appraisal method where yearly or monthly gross income is multiplied by a multiplier which gives an approximate value for a property

GROSS NATIONAL PRODUCT — The total value of all goods and services produced by a nation.

GROUND LEASE — A lease of land only

GROUND RENT — That portion of the rent attributable to the land alone

GUADALUPE HIDALGO — Treaty ending Mexican war in which U.S. agreed to recognize property rights of Mexicans

GARANTEE OF TITLE — A guarantee based entirely upon recorded documents (by abstractor)

HABENDUM — The granting clause of a deed. Defines extent of ownership transferred and sets forth any exceptions or reservations

HARD MONEY LOAN — A loan where actual cash changes hands

HEADER — A beam placed over a window or a door to spread the load

HEREDITAMENTS — Anything which can be inherited

HIGHEST AND BEST USE — A term meaning the use which provides the greatest net return to the building and/or land

HIP ROOF — A roof with all sides sloping to a top ridge

HOLDER IN DUE COURSE — A person who takes a negotiable instrument that is good on its face for value without notice of any defenses of the maker and before it is overdue

HOLOGRAPHIC WILL — A handwritten, dated and signed will (no witnesses required)

HOMESTEAD — A home on which a Declaration of Homestead has been filed

HOMESTEAD EXEMPTION — \$10,000 for a single person and \$20,000 for a head of household. Applies to unsecured creditors

HOMOLOGOUS — Being of the same kind

HOSKOLD SINKING FUND — A method of capitalization in appraising

HUD — Housing and Urban Development Agency

HUNDRED PERCENT LOCATION — The best retail location within an area

HYPOTHECATE — Giving something as security without giving up possession (borrowing on your furniture or on your home)

ILLEGAL — Actually in contradiction to an existing law

IMPLIED CONTRACT — Contract not expressly stated but implied by action of parties

IMPLIED EASEMENT — An easement which is implied when grantor conveys land to grantee which is landlocked by other land of the grantor. Grantee has implied right of access over grantor's land

IMPOUND ACCOUNT — Account kept by lender to provide funds for taxes and insurance. Borrowers payments include funds for this account. The fund actually belongs to the borrower and not the lender

INCHOATE — Incomplete. A right not yet perfected

INCOMPETENT — One who, because of age or mental capacity, lacks the ability to contract

INCREMENT — An increase in value

INJUNCTION — A court order to cease or desist from performing an act

INSTRUMENT — A legal document

INTEREST — Money charged for a loan

INTEREST RATE — Percentage that the interest charged bears to the loan

INTERPLEDGER ACTION — When two or more parties claim an interest in property held by a third person, that third person can ask the court to determine the rights

INTERVIVOS — Between the living conveyance as opposed to testamentary

INTESTATE — Dying without a will. Estate passes to heirs based on relationship

INVERSE CONDEMNATION — Property owner forces the governmental unit to buy his property when, by their action, they have wrongfully restricted his use

INVOLUNTARY CONVERSION — An involuntary exchange such as in condemnation or destruction by fire and obtaining insurance proceeds

INVOLUNTARY LIEN — A lien imposed without the agreement of the property owner, such as a tax lien

INWOOD COMPOUND INTEREST — Method of capitalization used in appraising

IRREVOCABLE — Incapable of being changed

IRRIGATION DISTRICT — Quasi-political subdivisions created under the law to provide water for an area

JALOUSIE WINDOW — Type of a window with glass slats like a blind

JAMB — Lining of a door or window

JOINT LIABILITY — Each equally liable for entire amount

JOINT AND SEVERAL — Liable together and separately

JOINT TENANCY — Owners having the right of survivorship who took title at same time by same instrument having equal interest and equal rights of possession

JOINT VENTURE — Partnership for one particular undertaking

JOIST — Horizontal beams supporting floor or ceiling

JUDGMENT — The final order of a court

JUNIOR LIEN — A subordinate lien

JURISDICTION — The area in which a court or officer has authority

KEY LOT — A lot having on its side the rear yards of a number of other lots. Considered undesirable for residential purposes.

L.S. — Used in lieu of a seal

LACHES — Loss of rights because of delay in bringing an action

LAND CONTRACT — A contract in the sale of real property whereby the seller retains title and the buyer obtains possession. (Used for CAL VET loans as well as where buyer has a very small down payment)

LATERAL SUPPORT — The support which a party must provide to his neighbors (deep excavation could endanger neighbor's property)

LATH — Wood, metal or gypsum board used as a base for plaster

LEASE — Tenancy contract between landlord and tenant

LEGACY — A gift of personal property (usually money) by will

LEGAL DESCRIPTION — A description of real property relating to government surveys, recorded maps, or metes and bounds

LESSEE — A tenant who receives a lease

LESSOR — An owner who gives a lease

LEVERAGE — Use of other people's money to make money by purchasing property with a low down payment

LICENSE — A privilege to use the land of another which, unlike an easement, may be revoked

LIEN — An encumbrance making the property security for the debt (trust deeds, mortgages, mechanic's liens, taxes)

LIFE ESTATE — An estate which does not terminate until the death of a named party

LIKE FOR LIKE — An exchange of similar property to postpone capital gains taxes

LIMITED PARTNERSHIP — A partnership where some partners are inactive and are liable only to the extent of their investment

LINK — A standardized surveying measurement 7.92 inches long

LINTEL — A beam or stone over a door or window

LIQUIDATED DAMAGES — Damages agreed in advance at the time of entering into a contract that are to be paid if the agreement is breached. (Normally used where actual damages are difficult to ascertain — they will not be enforced if so unreasonable that court determines they are a penalty)

LIS PENDENS — A notice of a pending lawsuit

LISTING — A contract between owner and broker authorizing broker to procure buyer or tenant for an agreed compensation

LIVABLE FLOOR SPACE — Interior dimensions of each room

LOAN TO VALUE RATIO — The percentage that will be loaned based on the value of the property

LOCK-IN CLAUSE — A clause requiring full interest to be paid even if loan is pre-paid. (Normally used where interest is added on to amount borrowed).

LONGITUDE AND LATITUDE — Longitude are north-south meridians and latitude run parallel to the equator. Both are measured in degrees, minutes and seconds

LOUVER — An opening with horizontal slats set at an angle for ventilation

M.A.I. — Designation of a member of American Institute of Appraisers of the National Association of Realtors

MAKER — Person who signs a note or instrument and is primarily liable

MANSARD ROOF — A roof with sloping sides but being flat on the top

MAP ACT — The act which gives local control of the general layout of streets, lot size and other physical aspects of a subdivision

MARGIN OF SECURITY — Difference between amount of mortgage and appraised value

MARGINAL LAND — Land where financial return barely pays for the effort expended

MARKET APPROACH OR COMPARISON APPROACH — An appraisal method where value is based on sales of similar property

MARKET PRICE — Price paid regardless of circumstances of the sale

MARKET VALUE — Price a willing buyer would pay to a willing seller

MARKETABLE TITLE — Merchantable title, free from objectionable liens and encumbrances

MARKUP — That percent which is added to the cost to determine the selling price

MATERIAL FACT — Any information which would likely affect a person's judgment

MECHANIC'S LIEN — A lien by a contractor, subcontractor or material supplier for work or material supplied to a property

MEGALOPOLIS — A growing together of cities to form a vast urban sprawl
MENACE — Threat of harm (makes a contract voidable by person threatened)
MERGER — The absorption of one right into another
MERIDIANS — Imaginary north-south lines intersecting the base lines. In locating land from government survey we measure from these intersections
MESNE — The mean or middle between two extremes. (The Mesne High Tide line would be halfway between the highest high tide mark and the lowest high tide mark.)
METES AND BOUNDS — Measuring land by distances and directions setting forth all of the boundary lines
MILL — 1/10 of a cent or 1/1000 of a dollar. Written as .001.
MILE — 5,280 linear feet
MINOR — Any person under the age of 18
MOLDING — Wood strips used on a building for ornamental outline
MONUMENT — A fixed surveyor's marker used to locate property from
MORATORIUM — A delay in the performance of a legal obligation or payment of a debt, usually authorized by law
MORTGAGE — A security devise whereby the borrower retains title but gives a lien and a note to the lender (property is hypothecated)
MORTGAGE GUARANTY INSURANCE — Private insurance which guarantees the lender against loss caused by buyer's default
MORTGAGE LOAN CORRESPONDENT — Company or individual in the business of arranging the sale of existing loans
MORTGAGE NOTE — The instrument reflecting the mortgage debt. The mortgage is security for the mortgage note.
MORTGAGE WAREHOUSING — Interim financing where mortgage company makes loans which later are taken over by insurance company or other permanent lender. They may borrow on these loans
MORTGAGEE — One who receives a mortgage as security for a loan or a debt
MORTGAGOR — Owner of property who gives a mortgage
MUDSILL OR SILL — Perimeter boards anchored directly to the foundation, usually red-wood, on which rest of house is built
MULTIPLE LISTING — Usually an exclusive right to sell listing which is given out to a group of brokers with rights to sell (a cooperative listing)
MUNIMENTS OF TITLE — Documents showing the historical evidence of title (deeds)
MUTUAL SAVINGS BANKS — Located in northeast states. Can make government insured or guaranteed loans anywhere in the country.
MUTUAL WATER COMPANY — A water company organized by users to supply water at reasonable rates. Stock is issued to users

N.H.P. — National Housing Partnership. The government buys 25% interest in local project and the government and the developer are partners
NAKED TITLE — Legal title only, such as the title given to a trustee under a trust deed where trustee has no rights of possession
NAREB — National Association of Real Estate Boards (now known as NAR — National Association of Realtors)
NARRATIVE REPORT — A comprehensive and complete appraisal report
NEIGHBORHOOD — The area of social conformity in which a property is located
NEGOTIABLE — Capable of being transferred or negotiated in normal course of business
NET-NET-LEASE — Tenant pays for everything except taxes and insurance.
NET-NET-NET LEASE — Tenant pays taxes and all expenses so lessor is guaranteed net amount
NET LISTING — A listing where the broker retains all over an agreed sale price as his commission
NET SPENDABLE — Same as cash flow. Balance left over from income after cash expenses
NOMINAL — The rate stated or named