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# **THE ALLEN AND WOLFE ILLUSTRATED DICTIONARY OF REAL ESTATE**

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*Edited by*

ROBERT D. ALLEN and THOMAS E. WOLFE

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**JOHN WILEY & SONS**

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# PREFACE

Our aim in writing this book was to create the foremost reference dictionary in the real estate field. This work is truly unique because it is both a detailed reference book and a comprehensive guide designed for daily use. It provides meticulous information on the following important aspects of real estate:

More than 3000 real estate and allied terms, defined in polished, easy to understand explanations.  
A statistical index of important real estate activities, with illustrated maps, charts, graphs, tables, and land descriptions.

Comprehensive catalog of the most useful real estate forms, with detailed illustrated examples.

An amortization table that can be used with a loan of almost any amount, duration, and interest.

The Code of Ethics of the National Association of Realtors.

A detailed list of national organizations in real estate and allied fields.

We believe that professionals and students will find this work to be not only a comprehensive reference tool, but also a practical handy guide that can be used daily.

Grateful acknowledgment is made to all the organizations listed in Chapter 6 who supplied material for this book and who by their participation have made it so complete. In addition, we wish to express our very special appreciation to the following organizations who have substantially assisted us in this work: American Institute of Real Estate Appraisers, American Society of Appraisers, Building Officials and Code Administrators International, California Association of REALTORS, California Department of Real Estate, Federal Home Loan Bank Board, Federal Home Loan Mortgage Corporation, Mortgage Bankers Association of America, National Association of Real Estate Appraisers, National Association of Real Estate License Law Officials, National Association of REALTORS, REALTORS Institute, Real Estate Licensing Examination Program of the Educational Testing Service, U.S. Department of Housing and Urban Development, and the U.S. Veterans Administration.

ROBERT D. ALLEN  
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*Editors*

*Sacramento, California  
September 1982*

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# 1

## REAL ESTATE AND ALLIED TERMS

### A

**AAA tenant.** A prime tenant who has the highest credit rating.

**A horizon.** Upper horizon, surface soil from which material is being removed by percolating water.

**abandonment of property.** A property status indicating that (1) the property has been abandoned and is not being maintained, and (2) the property is not offered for sale or rent with a broker. This can be established through personal inspection, interviews with employers, neighbors, and friends and relatives of the mortgagor.

**abatement.** An official reduction or cessation of an assessed valuation for *ad valorem* taxation after the initial assessment has been completed.

**ABC roads.** Collective term for (1) federal-aid primary roads, (2) federal-aid secondary roads, and (3) urban extensions of federal-aid systems.

**ABC soil.** A soil having well-developed A, B, and C horizons is said to have complete soil profile.

**abscissa.** The distance along the horizontal axis of a curve, diagram, or chart.

**absentee landlord.** An owner, lessor, or sublessor who does not reside in the place or area in which he owns real estate from which he derives rental income.

**absolute fee simple title.** An unqualified title.

**abstract of title.** A written history of the title transactions or conditions bearing on the title to a designated parcel of land. It covers the period from the original source of title to the present, and summarizes all subsequent instruments of public record by setting forth their material parts.

**abstraction.** A method of valuing land, such that the indicated value of an improvement is deducted from the sale price.

**abut.** To touch or border on, as a property abutting on a highway or sharing a common boundary with another property.

**abutment.** That part of a wall or pier on or against which an object abuts or presses; that part which receives the pressure of an arch or strut, as the supports at either end of a bridge.

**abutter's rights.** The right of visibility, that is, the right to see and be seen from the street; and the right to the flow of light and air from the street to the property. Synonymous with right to light, air, and view.

**accelerated depreciation.** Depreciation occurring or which has occurred at a faster rate than usual. Term is used to refer to permission granted by the federal government allowing special depreciation of an asset for income tax purposes. It is also used to describe depreciation methods (constant percentage of declining balance, double declining balance, sum of the year's digits).

**acceleration clause.** A common provision of a mortgage or note providing that the entire principal shall become immediately due and payable in the event of default. Without this clause, the mortgagee may have to file separate foreclosure suits as each installment of the mortgage debt falls due and is in default.

**acceleration lane.** An additional lane which permits entering traffic to merge with through traffic with a minimum of delay and risk. It is also referred to as access connection.

**acceptance.** The offeree's consent to enter into a contract and to be bound by the terms of the offer.

**access.** Right to enter and leave property from a public way.

**access rights.**

1. The right of ingress to and egress from a property which abuts upon an existing street or high-



way. It is an easement in the street which is appurtenant to abutting property and is a private right as distinguishable from rights of the public. It is well-established law in the United States that the right of access cannot be denied or unreasonably restricted unless other reasonable access is available or provided; or compensation is awarded.

2. The right of a riparian owner to pass to and from the waters within the width of his premises as they border on the water.

**accessibility.**

1. The relative degree of effort (time and cost) by which a site can be reached.

2. A location factor which will determine the most probable, profitable use of a site in terms of ease and convenience.

**accessory buildings.** Secondary buildings on the same property which are appurtenant to the main building; any outbuildings used in connection with the main building, such as garage, pump, and well houses.

**accident and health premium.** A premium paid by a borrower for an insurance policy that insures continuance of mortgage payments in the event of a mortgagor's disability or illness.

**accommodation party.** A party who signs a negotiable instrument (note or bill) as maker, acceptor, or endorser without receiving any consideration to accommodate another party and enhance the credit-worthiness of the paper.

**accretion.** A buildup of land by natural forces such as wind, waves, or the flow of water.

**accrued depreciation.** The difference between the cost of replacement new as of the date of the appraisal and the present appraised value.

**accrued interest.** Accrue—to grow; to be added to. Accrued interest is interest that has been earned but is not due and payable.

**accrued items of expense.** Those incurred expenses which are not yet payable. The seller's accrued expenses are credited to the purchaser in a closing statement.

**acid-test ration.** This is a more rigid test of liquidity (i.e., more rigid than long-term notes, mortgages, plants, and equipment). This is cash on hand, government bonds, and anything that can immediately be turned into cash, divided by current liabilities. The rule of thumb ratio here is 1:1. In other words, if this test is followed, the project should have enough cash on hand plus cash reserves to cover current expenses for one year.

**acknowledgment.** A formal declaration, attached to or a part of an instrument, made before a duly authorized officer (usually a notary public) by the person who has executed the instrument, the execution being a free act and deed. (See *affidavit*.)

**acoustical material.** Materials having sound-absorbing qualities which are applied to walls and/or ceilings. They may be tile, Celotex, cork, special plaster, etc.

**acoustical tile.** Special tile for walls and ceilings; made of mineral, wood, vegetable fibers, cork, or metal. Its purpose is to control sound volume while providing cover.

**acquisition.** The act or process by which a person procures property.

**acquisition appraisal.** An appraisal for market value of a property to be condemned and taken for some public use and purpose by a government body or other duly authorized condemning authority; ordered by the condemning authority for the purpose of establishing the amount of compensation to be offered the property owner.

**acre.** A measure of land equal to 160 square rods, or 4840 square yards, or 43,560 square feet, or a tract about 208.71 feet square.

**acreage.** Acres collectively; for example, farm acreage, industrial acreage, or residential acreage.

**acreage controls.** The limits set by the federal government on the acres which can be planted to price-supported crops.

**acre-foot.**

1. A volume of water equivalent to one acre in area with a depth of one foot. It is 43,560 cubic feet of water.

2. Also used in estimating the amount of coal in place; for example, a horizontal bed of coal which is 5 feet thick over an area of 1 acre would comprise 5 acre-feet of coal.

**acre-inch.** A volume of water equivalent to 1 acre in area with a depth of 1 inch.

**acres-in-crops.** The area of land on which crops, exclusive of permanent pastures and woods, are either growing or harvested in a year.

**acres-of-crops.** The total acreage of crops growing or harvested in a year, exclusive of annual crops planted for harvest during the following year. It may be larger than the number of acres actually in crops because of the production of more than one crop on a part or all of the cropland.

**action to quiet title.** A court action to remove any interest or claim in or to a title to real property. To remove a cloud on title.

**actual age.** The number of years elapsed since an original structure was built. Sometimes referred to as historical or chronological age.

**actual authority.** That authority an agent has or believes he or she has because of an intentional, unintentional, or careless act of principal.

**actual cash value.** The price a property will bring in a fair market, after fair and reasonable efforts have been made to find the purchaser who will give the highest price. The expressions "actual cash value" and "fair cash value" as applied to property are synonymous and are not different from market value.

**actual fraud.** An act intended to deceive another; e.g., making a false statement, making a promise without intending to fulfill it, suppressing the truth.

**add-on interest.** The full amount of interest calculated on the original principal for the term of a loan. This interest is added to the original principal, thereby becoming a part of the face amount of the promissory note.

**addendum.** An addition to a written document. Addenda is the plural.

**addition.**

1. Part of a building added to original structure; a wing.

2. Term used synonymously with subdivisions, particularly in legal descriptions.

**addition of fixtures.** Acquisition of title by addition of fixtures occurs when a person affixes property to the land of another without an agreement permitting removal of it. The thing so affixed belongs to the owner of the land unless the owner requires the former tenant to remove it.

**adjacent.** Lying near to but not necessarily in actual contact with.

**adjoining.** Contiguous, attaching, in actual contact with.

**adjustable mortgages.** Adjustable mortgages are the newest and most complex of the new mortgage forms. The common feature of adjustable mortgages is that the interest rate is not fixed and will vary according to some interest rate index that is selected at the time the loan is originated. Lenders are not required to lower the interest rate if the index decreases. Adjustable mortgage contracts may contain limitations on the minimum and maximum size of an interest rate change.

Depending upon a particular lender's adjustable mortgage plan, a change in the interest rate may result in a change in the monthly payment, the term

of the loan, the outstanding balance of the loan, or some combination of these. A number of lenders offer plans in which the interest rate can change every three or six months, but the payment changes every three years. Under such a plan an increase in the interest rate may mean that the monthly payment is insufficient to pay all the interest due that month. When this happens the unpaid interest will be added to the loan balance. Negative amortization can occur on adjustable mortgages if payments are adjusted less frequently than the interest rate.

Some lenders have adjustable mortgage plans with interest rate caps, that is, limitations on the size of the periodic or cumulative interest rate changes. Other adjustable mortgage plans have limitations on the amount by which payments may change. The adjustable mortgages made by federal savings and loan associations are known as adjustable mortgage loans (AMLs) and the adjustable mortgages made by national banks are known as adjustable rate mortgages (ARMs). Variable-rate mortgages (VRMs) and renegotiable-rate mortgages (RRMs) are specific types of adjustable mortgages.

**adjustable mortgage loans.** An AML is a mortgage loan secured by a one- to four-family dwelling on which the payment amount, the loan term, the principal balance, or a combination of these may change periodically as a result of changes in the loan's interest rate. The adjustable mortgage loan regulation replaces FHLBB regulations on variable rate mortgages (VRMs) and renegotiable rate mortgages (RRMs), which are also adjustable mortgage loans that lenders may offer.

**adjusted cost basis.** Cost basis with certain additions (namely, the cost of improvements) and subtractions (namely, depreciation) taken into account. (See *basis*.)

**adjustments.** In appraising, a means by which characteristics of a residential property are regulated by dollar amount or percentage to conform to similar characteristics of another residential property.

**administrative expenses.** The expenses incurred in directing or conducting a business as distinct from the expense of manufacturing, selling, etc. The items depend upon the nature of the business, but usually include salaries of officers, rent of offices, office and general expenses, etc. Also the costs of personnel and services used or needed in operating a real estate property.

**administrator.** A person appointed by a court to



administer the estate of a deceased person who left no will, i.e., who died intestate.

**administrator's deed.** A written legal document used to transfer title of property left by a deceased person with no will or executor by the appointed administrator.

**adobe construction.** Exterior walls built of blocks made from adobe soil mixed with straw and hardened in the sun.

**ad valorem.** "According to the value." Used in connection with taxation.

**ad valorem tax.** A tax varying with the value of a good or commodity; a real estate tax based on the value of the property.

**advance.** Transfer of funds from a lender to a borrower in advance on a loan.

**advance commitment.** The institutional investor's prior agreement to provide long-term financing upon completion; also known as a "take-out" loan commitment.

**advance fees.** A fee paid in advance of services rendered. Sometimes unlawfully charged in connection with the illegal practice of obtaining a fee in advance for the advertising of property or business for sale, with no obligation to obtain a buyer, by persons representing themselves as real estate licensees or representatives of licensed real estate firms.

**adverse land use.** An incompatible land use that detrimentally affects other properties in its vicinity; for example, an industrial land use in a residential neighborhood.

**adverse possession.** The right by which someone occupying a piece of land might acquire title against the real owner, if the occupant's possession has been actual, continuous, hostile, visible, and distinct for a statutory period.

**aeration zone.** The upper ground water zone which retains water for use of plants, permitting excess water to seep into the saturation zone.

**aesthetic.** Pertaining to the sense of the beautiful. In common usage, the term is used to describe that which has a beautiful or pleasing appearance, as distinguished from that which is utilitarian.

**aesthetic value.** The intangible, psychic enhancement of the value of a property due to such factors as a site offering an unusually pleasing view; a property located in an area whose overall layout and design is exceptionally attractive and all the properties therein are harmonious.

**affiant.** One who makes an affidavit or gives evidence.

**affidavit of title.** A statement in writing, made under oath by a seller or grantor and acknowledged before a notary public, in which the affiant states his or her name and marital status and certifies that since the examination of title on the contract date there are no judgments, bankruptcies, or divorces; no unrecorded deeds, contracts, or unpaid repairs or improvements; and no defects of title known to the affiant and that the affiant is in possession of the property.

**affirm.** To confirm, to aver, to ratify, to verify. To make a declaration.

**affirmative marketing.** The concept of affirmative marketing was first spelled out in 1977 when Congress passed the Community Reinvestment Act (P.L. 95-128). This law requires federal supervisory agencies to develop examination procedures that will encourage federally insured financial institutions to help meet the credit needs of their entire communities. It also reminded federally regulated institutions that they are required by law to demonstrate that they are serving the convenience and needs of their communities, "including low- and moderate-income areas," and that they have a "continuing and affirmative obligation" to help meet local credit needs.

**affordable.** A term commonly used when referring to housing. In this context, it usually means the price of a house that an average family can purchase without putting a strain on its annual income.

**afforestation.** The establishment of a forest on land or in areas such as abandoned or submarginal farm land where no forest existed before. The term should not be confused with reforestation.

**AFLB.** Accredited Farm and Land Broker.

**after-acquired property.** The property a debtor acquires as security after the execution of a mortgage or other form of indebtedness that additionally secures the indebtedness. If the mortgage note contains a statement on after-acquired property, it is said to have an "after-acquired clause."

**agency.** That relationship between principal and agent which arises out of a contract either expressed or implied, written or oral, wherein an agent is employed by a person to do certain acts on the person's behalf in dealing with a third party.

**agent.** A person who acts for another person by the latter's authority. The distinguishing characteristics of an agent are that he (or she) acts on behalf and subject to the control of his principal; that he does not have title to the property of his

principal; and that he owes the duty of obedience to his principal's orders.

**agreement for sale.** A written document in which the purchaser agrees to buy certain real estate (or personal property) and the seller agrees to sell under stated terms and conditions. Also called a sales contract, binder, or earnest money contract.

**agreement of deed.** See *conditional sales contract*.

**agricultural extension agent.** The representative of the Department of Agriculture stationed in a county to advise the farming community on new agricultural developments and methods to improve farming and rural living. Synonymous with county extension agent and county farm advisor.

**agricultural parity.** The price of certain agricultural products which gives the farmer purchasing power from those products comparable to that which he (or she) had in the base period, 1909-1914.

**agricultural property.** Land, improved or unimproved, which is devoted to or available for the production of crops and other products of the soil, as fruits and timber, and for the raising of livestock.

**agricultural research administration.** A major division of the U.S. Department of Agriculture, responsible for coordinating most of the department's bureaus and offices engaged in experimental, demonstration, or research activities. The administration has direct responsibility for the department's special research funds and for four departmental research laboratories.

**Agricultural Research Service.** A major division of the U.S. Department of Agriculture, engaged in experimental, demonstration, and research activities relating to the production and utilization of farm products. It is also responsible for control and regulatory programs involving the enforcement of plant and animal quarantines, the eradication of animal and plant diseases, meat inspection, and related work. Projects are carried out at the Agricultural Research Center, Beltsville, MD, as well as at other locations in the United States and in foreign countries. Much of the research is in cooperation with state agricultural experiment stations.

**A.I.R. (American Industrial Real Estate Association).** The association consists of industrial real estate brokers and salesmen specialists whose prime function is the fostering of knowledge, in-

tegrity, efficiency, and unity in the field of industrial real estate.

**air conditioning.** A system designed to control room temperature and humidity by means of ventilation, air circulation, and air cleaning.

**air duct.** Pipes that carry warm air and cold air to rooms and back to the furnace or air conditioning system.

**air rights.** The ownership of the right to use, control, or occupy the air space over a designated property.

**Alabama. AL.**

**Alabama Real Estate Commission**  
750 Washington Avenue  
Montgomery, Alabama 36130

**Alaska. AK.**

**Alaska Real Estate Commission**  
Department of Commerce and Economic Development  
142 E. Third Avenue  
Anchorage, Alaska 99501

**Alberta Real Estate Commission**  
Superintendent of Insurance and Real Estate  
9th Floor, Capitol Square  
10065 Jasper Avenue  
Edmonton, Alberta, Canada T5J 3B1

**alcove.** A recessed room connected with a main or larger room.

**alienation.** To transfer the title to real property from one person to another.

**alienation clause.** A special type of acceleration clause that demands payment of the entire loan balance upon sale or other transfer of the title.

**alkali.** A term applied to certain soluble salts that are toxic to economic plant growth when accumulated in soils in abnormal concentrations. Not acid. Black alkali is a term applied to alkali salts containing a preponderance of sodium chloride and toxic sodium carbonate salts; white alkali refers to the neutral salts, sodium chloride and sodium sulfate, as distinguished from sodium carbonate (black alkali), when occurring in concentrations sufficient to interfere with plant growth.

**all-inclusive trust deed. (AITD).** See *wrap-around*.

**alley.** A relatively narrow way, publicly or privately owned, which serves as a secondary means of access and affords light and air to abutting properties.

**alley influence.** The effect caused by a side or rear alley on the value of abutting property, especially with respect to commercial property.

**allodial tenure.** A real property ownership system where ownership may be complete except for those rights held by government. Allodial tenure is in contrast to feudal tenure.

**allotment.** The funds allocated for the purchase of mortgages within a specified time by a permanent investor with whom a mortgage loan originator has a relationship but does not have a specific contract in the form of a commitment. The allotment may state the investor requirements as to processing, the term of the loan, and/or underwriting standards.

**alluvial.** Deposits made by flowing water.

**alluvial fan.** The outspread, sloping, fan-shaped deposit of boulders, gravel, and sand left by a stream where it spreads out into a level plain or meets a slower stream. The delta at the mouth of a river.

**alluvion.** The addition made to land by the washing of the sea, a navigable river, or other streams, whenever the increase is so gradual that it cannot be perceived at any one moment of time.

**ALTA.** American Land Title Association. A national association of title insurance companies, abstractors, and attorneys specializing in real property law. The association speaks for the title insurance and abstracting industry and establishes standard procedures and title policy forms.

**amenity value.** The increase in value above the utility or rental value; it is attributable to the amenities of home ownership.

**American Bankers' Association.** A commercial bankers' trade association.

**American bond.** A masonry process in which every 5th, 6th, or 7th course of bricks is laid with the width facing the wall; the remaining bricks are laid with the length parallel to the wall.

**American Institute of Real Estate Appraisers.** A real estate appraisers' trade association.

**American rural appraisal system.** A method of appraising agricultural property based primarily on the use of the income approach; and with secondary consideration given to the value indications developed by the market data and cost approaches.

**AMMINET.** Automated Mortgage Market Information Network. A nationwide electronic quotation system designed to list Veterans Administration loans, Federal Housing Administration loans, conventional single-family and multifamily loans, and Government National Mortgage Association se-

curities. The system can be expanded to include commercial property loans and mortgage participants. The network handles buy and sell offers that participating subscribers enter into the system through their own terminals. It was developed by the Federal Home Loan Mortgage Corporation (FHLMC) and is operated by a nonprofit corporation whose directors are selected from several national trade associations.

**AMO.** Accredited Management Organization.

**amortized mortgage.** A mortgage requiring periodic payments, frequently paid monthly, which include a partial repayment of the debt and interest on the indebtedness remaining until the next payment period. It provides for the total debt retirement during a contractual term. It is characterized by payments of equal dollar size in which the money for interest decreases constantly and principal repayment increases by the same amount that all interest decreases.

**amortization.** Gradual debt reduction. Normally, the reduction is made according to a predetermined schedule of installment payments.

**amortization schedule.** A table showing the amounts of principal and interest due at regular intervals and the unpaid balance of the loan after each payment is made.

**ampere.** The rate of flow of electricity through electric wire.

**anchor.** Irons of special form used to fasten together timbers or masonry.

**anchor bolts.** Bolts which fasten columns, girders, or other members to concrete or masonry.

**annual housing survey.** Housing and financial market data indispensable to the formulation of housing and community development policy. HUD has funded an annual housing survey by the Bureau of the Census since 1973. Separate surveys for 60 metropolitan areas have been included since 1974.

**annual mortgagor statement.** A report by the lender or servicing agent to the mortgagor, stating what taxes and interest were paid during the year, and how much principal balance remains.

**annual percentage rate.** A term used in the Truth in Lending Act to represent the percentage relationship of the total finance charge to the amount of the loan.

**annuity.** An amount paid yearly or at other regular intervals, often on a guaranteed dollar basis.

**annuity method.**

1. A method in which the value of a property producing income is said to be the present value of the right to receive such income over a stipulated period of time. The process involves the discounting of future annual net incomes (before depreciation) to a present day value.

2. The application of the annuity principal to determine the amount, rate, or time necessary to liquidate an interest-bearing debt, or to determine the periodic amount, rate, or time required to accumulate a specified capital sum.

**anticipation, principle of.** Affirms that value is created by anticipated benefits to be derived in the future.

**apartment.** A complete and separate living unit in a building containing other units, usually at least four.

**apartment hotel.** A furnished apartment building, the tenancy of which is more or less permanent, but which offers such hotel facilities as a reception desk, telephone switchboard, maid service, utilities, etc.

**apartment house.** A building containing separate residential units, commonly not fewer than three, and providing such facilities as central heating, a common main entrance and stairs or elevators, and janitor services.

**appellant.** A party appealing a court decision or ruling.

**application.** A form used to record pertinent information concerning a prospective mortgagor and the proposed security.

**apportionment.** A prorated division and distribution of prepaid or accrued taxes, prepaid insurance premiums, prepaid rents, and other income and expenses. Apportionment usually occurs when a property is sold, and is the manner of determining the amounts due to and from the party.

**appraisal.** A report made by a qualified person setting forth an opinion or estimate of value. The term also refers to the process by which this estimate is obtained.

**appraisal by capitalization.** An estimate of value by capitalization of productivity and income.

**appraisal by comparison.** Comparability with the sale prices of other similar properties.

**appraisal by summation.** Adding together all parts of a property separately appraised to form a whole; e.g., the value of the land considered as va-

cant added to the cost of reproduction of the building, less depreciation.

**appraisal date.** The date as of which the value estimate is applicable and valid.

**appraisal inventory.** A detailed report of the individual items that make up a property, included in an appraisal report.

**appraisal methods.** The three approaches used in the appraisal of real property. See *cost approach*, *income approach*, and *market approach*.

**appraisal report.** A formal written document which contains (1) the estimate of value, (2) the date at which the value is estimated, (3) the certification and signature of the appraiser, (4) the purpose of the appraisal, (5) the qualifying conditions, (6) an adequate description of the neighborhood and the property, (7) the factual data, (8) an analysis and interpretation of the data, (9) the processing of the data by one or more of the three approaches, and (10) other descriptive supporting material (maps, plans, charts, photographs).

**appraisal surplus.** The appraised value less the book value.

**appraised value.** An opinion of value reached by an appraiser based upon knowledge, experience, and a study of pertinent data.

**appraiser.** One qualified by education, training, and experience to estimate the value of real and personal property. The estimate is based on a process in which the appraiser judges the facts discovered in an investigation of the property.

**appreciation.** An increase in value; the opposite of depreciation.

**appreciation rate.** The index figure used against the property's actual or estimated cost to compute its cost of new reproduction by a different date or under different conditions.

**approach nose.** An area of land between highways which faces the approaching traffic that may pass on either or both sides of this land.

**appropriation of water.** The taking, impounding, or diversion of water flowing on a public domain from its natural course and the application of the water to some beneficial use that is personal and exclusive to the appropriator.

**appurtenance.** That which has been added to another thing; that which has been added or appended to a property and which becomes an inherent part of the property, and passes with it when it is sold, leased, or devised.

**APR.** See *annual percentage rate*.



**A priori.** From the past; from what has previously transpired.

**apron.** A paved area such as the juncture of a driveway with the street or with a garage entrance.

**aqueduct.** An artificial channel for conveyance of water from place to place; a major conduit either open or covered. The similar structure by which a canal is carried over a river (aqueduct bridge).

**arable.** Fit for the plow; suitable for purposes of cultivation. Tillable.

**arbitrage.** In mortgage banking, the simultaneous purchase and sale of mortgages, futures contracts, or mortgage-backed securities in different markets to profit from differences in price.

**arbitration.** The determination of a dispute by a disinterested and objective third party.

**arcade.** A series of arches on the same plane, either open or closed. A walkway or passageway with arched roof, frequently with shops along one or both sides. A passageway open on a street side, usually colonnaded. A colonnaded sidewalk.

**arch.** A convexly curved, vertical span of steel, concrete, stone, or wood. A structural section with end base supports, so constructed as to have supporting ability for itself and an attached or suspended structure.

**arch rib roof.** A roof design resulting in an arched or crescent-shaped silhouette. Roof support is accomplished by a bow-string truss system which is engineered to spread the roof load.

**architect's inspection certificate.** A document, usually issued by an independent architect, verifying that a certain portion of construction on a project has been completed in accordance with approved plans and specifications. This document is often required by construction lenders when advances of funds are to be made at specific stages of construction. Also known as an architect's progress certificate.

**architectural concrete construction.** Concrete with little or no reinforcement, poured against a form which bears a design producing a decorative treatment to simulate stone masonry.

**architectural specifications.** See *plans and specifications*.

**architectural style.** Generally the appearance and character of a building's design and construction.

**architrave.** The molding above and on both sides of a door or other square opening.

**area.**

1. The surface extent, measured in square units, of a building, site, neighborhood, section of a city, tract, or region.

2. In residential design this term is used to indicate function, as work area, recreation area, etc.

**area controls.** A zoning provision controlling use densities; the ratio of building area to site area.

**area of a square or rectangle.** Length  $\times$  width.

**area of a triangle.** Base  $\times \frac{1}{2}$  altitude.

**area sample.** A limited number of observations selected from an entire aggregate of phenomena on the basis of geographical subdivisions.

**Arizona.** AZ.

**Arizona Real Estate Commission**

1645 W. Jefferson

Phoenix, Arizona 85007

**Arkansas.** AR.

**Arkansas Real Estate Commission**

#1 Riverfront Place, Suite 660

North Little Rock, Arkansas 72114

**arm's length transaction.** A transaction between a willing buyer and a willing seller with no undue influence imposed on either party.

**arpent.** An old French measure of land area used in Canada and in some parts of the southern United States; varying slightly, but approximately 0.84525 acre. The side of a square arpent equals 2.909 chains or 191.994 feet.

**arterial highway.** A general term designating a major highway, usually on a continuous or through route. The term is descriptive of character of usage and not of character of improvement.

**articles of incorporation.** An instrument setting forth the basic rules and purposes under which a private corporation is formed.

**ASA.** American Society of Appraisers.

**ashlar.** Squared stone used in foundations; a rough, hackled stone used for facing masonry walls.

**aspect.** Position facing, fronting, or regarding a particular direction; as a house with a southern aspect. Also the part so fronting. In forestry, the direction toward which a slope faces, according to the main points of the compass. Synonym: exposure.

**assemblage.** The merging of adjacent properties into one of common ownership or usage.

**assemblage cost.** The excess cost of acquiring individual, adjacent parcels of real estate by a single owner in excess of the estimated cost of their individual acquisitions by independent buyers.

**assess.** The official valuation of property as a basis for taxation. To fix or determine, as by a court or commission, the compensation due a property owner (condemnee) in a condemnation of real estate ownership.

**assessed valuation.** The value that a taxing authority places upon real or personal property for the purposes of taxation.

**assessment.**

1. The valuation of property for taxation; also the value so assigned.

2. A levy against security holders of a corporation; also the amount so fixed.

**assessment base.** The assessed value of all property within a designated area, such as an assessment or tax district. Synonym: property tax base.

**assessment district.** A jurisdiction such as a county or other political subdivision under the authority of an assessor. It may be a part of or the entire tax district.

**assessment period.** The period during which the assessment of all property in the assessment district must be completed.

**assessment ratio.** The ratio of the assessment to some standard of value; usually market value.

**assessment rolls.** The public record of taxable property, listed by address, owner, and legal description; lists current assessed value of property. Also known as assessment book.

**assessor.** A public official who evaluates property for the purpose of taxation.

**asset.** Any property which is owned and has value. Assets are either financial, as cash or bonds; or physical, as real and personal.

**assignee.** The person or corporation to whom an agreement or contract is assigned. One to whom real property, or an interest in real property, is transferred or set over.

**assignment.** The transfer of a right or contract from one person to another.

**assignment of leases.** The absolute or conditional transfer of the rights of either party to a lease.

**assignment of mortgage.** A document that evidences a transfer of ownership of a mortgage from one party to another.

**assignment of rents.** A provision in a deed of trust (or mortgage) under which the beneficiary may, upon default by the trustor, take possession of the property, collect income from the property, and apply the income to the loan balance and the costs incurred by the beneficiary.

**assignor.** One who transfers, assigns, or sets over real property or an interest therein to another.

**associate broker.** A person who has qualified as a real estate broker but works for a principal broker licensed in the state.

**assumption agreement.** An undertaking or adoption of a debt or obligation primarily resting upon another person.

**assumption fee.** The fee paid to a lender (usually by the purchaser of real property) resulting from the assumption of a mortgage.

**assumption of a mortgage.** Assumption by a purchaser of the primary liability for payment of an existing mortgage or deed of trust. The seller remains secondarily liable unless specifically released by the lender.

**attachment.** The seizure of property by court order. Attachments are usually taken to provide security in a pending suit.

**attest.** To affirm to be true or genuine; an official act establishing authenticity.

**attic.** The space which lies between the upper story of a building and the roof.

**attorney in fact.** One who holds a power of attorney from another to execute documents on behalf of the grantor of the power. It is terminated upon the death, relocation, or court-decided incompetence of the grantor.

**auction.** A method of selling real or personal property. An auctioneer asks for bids and, upon receipt of the highest bid, completes the sale.

**audit.** The official examination and verification of bookkeeping accounts for the purpose of proving the accuracy of the figures and adequacy of accounting controls. An audit may be done by public accountants hired for this purpose or by a company's own employees. The latter is called an internal audit.

**authority.** An agency of government, usually independent, established for a specific purpose, such as construction and/or operation of housing projects, toll roads and turnpikes, ports, public transportation, etc.

**Automated Mortgage Market Information Network.** See *AMMINET*.

**automation.** A productive system wherein the various production processes are executed by self-acting and self-regulating machines, replacing the use of human labor to perform the same tasks.

**auxiliary lane.** That portion of pavement which is adjacent to the travelway and designed for parking, speed acceleration or deceleration, or other



use supplementing the flow of through traffic. Also known as a road shoulder.

**average daily traffic (ADT).** The average one-day traffic volume measured at a selected highway location. It is the sum of all traffic recorded for a given period of time, divided by the number of days in that period. It is usually reported as the ADT for a specific year.

**average (mean) deviation.** The value obtained by first subtracting the arithmetic mean of all items from each item, then adding these differences without regard to signs (plus or minus), and finally dividing this sum by the number of items.

**average rate of return.** The return on an investment calculated by averaging the total cash flow over the years during which the cash is received by the investor.

**aviation easement.** The right granted by the owner of land adjacent to an airport to the use of the air space above a specific height for the flight of aircraft. The easement may prohibit the owner from using the land for structures, trees, signs, stacks, etc. higher than the altitude specified. The degree of such restriction will vary in accordance with the glide angle plane necessary for the safe use of an airfield's runway.

**avulsion.** The sudden tearing away of land by the violent action of a river or other body of water. The land so removed continues in the original ownership.

**awning window.** A type of window having a sash with hinges at the top, permitting the window to open horizontally, and forming an awning over the opening.

**axial growth.** City growth which occurs along main transportation routes. Usually takes the form of star-shaped extensions outward from the center.

**azimuth.** The angle between true north or true south and an object. In surveying it is measured clockwise from north.

## B

**B horizon.** The subsoil; a horizon of deposition to which materials are being added by percolating water. The horizons lying beneath the A horizon.

**backfill.** The gravel or earth replaced in the space around a building wall after foundations are in place.

**backing.** The bevel on the top edge of a hip rafter

that allows the roofing board to fit the top of the rafter without leaving a triangular space between it and the lower side of the roof covering.

**backwater valve.** An automatic valve set in the sewer lateral to prevent sewage from backing up into the cellar or plumbing fixtures during flood periods.

**balance, principles of.** Holds that value is created and maintained in proportion to the equilibrium attained in the amount and location of essential uses of real estate. The degree of value of a property is governed by the balance of apportionment of the four factors in production, namely, land, labor, capital, and entrepreneurship.

**balance sheet.** A statement of financial condition of a business organization showing assets, liabilities, capital, and including net worth as of a given date.

**balloon.**

1. A parcel of land which does not have frontage on a public road.

2. In finance, the term refers to the unpaid principal amount of a mortgage or long-term loan which is paid off in a lump sum at the end of the term. See *balloon mortgages*.

3. In construction, the term refers to a type of framing in which the studs extend from the sill to the roof; support for the second floor is provided by a horizontal ribbon or ledger board and joists which are nailed to the studs.

**balloon frame.** The lightest and most economical form of construction, in which the studding and corner posts are set up in continuous lengths from first-floor line or sill to the roof plate.

**balloon mortgages.** A balloon mortgage is a short-term mortgage loan. The principal balance becomes due and payable usually within three to five years. The payments on a balloon mortgage, however, are usually based on an amortization schedule of 30 years. Most balloon mortgages contain no guarantee that the loan will be financed at maturity. A demand mortgage is similar to a balloon mortgage, but the lender may "call" the loan, that is, require that the principal be paid in full, at any time.

**balloon payment.** An installment payment on a promissory note—usually the final one for discharging the debt—which is significantly larger than the other installment payments provided under the terms of the promissory note.

**balustrade.** A series of balusters connected by a rail, generally used for porches, balconies, and the like.

**band.** A low, flat molding.

**bankrupt.** A person, firm, or corporation who, through a court proceeding, is relieved from the payment of all debts after the surrender of all assets to a court-appointed trustee for the protection of creditors.

**bankruptcy.** The state of being bankrupt.

**bargain and sale deed.** Any deed that recites a consideration and purports to convey the real estate; a bargain and sale deed with a covenant against the grantor's act is one in which the grantor warrants that the grantor has done nothing to harm or cloud the title.

**barn.** A specially designed building for housing farm animals and storing hay and grain.

**barrel.** A unit of measure equal to 31½ gallons of liquid: 42 gallons of oil; or 376 pounds (4 sacks) of cement.

**base.** The bottom of a column; the finish of a room at the junction of the walls and floor.

**base and meridian.** Imaginary lines used by surveyors to find and describe the location of private or public lands. In government surveys used to establish township boundaries, a base line runs due east and west, and meridians run due north and south.

**base line.**

1. A survey line running due east and west through the initial point of a principal meridian from which township lines are established by the government survey.
2. A topographic centerline of a survey, as for the route of a highway.

**base map.** A map having sufficient points of reference, such as state, county, or township lines, and other selected physical features, to allow the plotting of other data.

**base molding.** Molding used at the top of a baseboard.

**base periods.** Time intervals or reference points for business and economic data. In the formulation of index numbers, the figures for a base period are usually averaged and the average is adopted as 100. The base period of an index number is sometimes erroneously regarded as a "normal" period.

**base rent.** The minimum, fixed, guaranteed rent in a commercial property lease.

**base shoe.** Molding used at the junction of baseboard and floor. Commonly called a carpet strip.

**baseboard.** A board along the floor against walls and partitions; used to hide gaps.

**baseboard heating.** A system of perimeter hot water heating with radiators, connectors, or air outlets located in the wall, replacing the baseboard. Also called base panel heating.

**basement.** The lowest story of a building; not a cellar.

**basic capacity.** The maximum number of passenger cars that can pass a given point on a land or roadway during one hour under the most ideal roadway and traffic conditions obtainable. It is often reported as automatic units of capacity.

**basic employment, urban growth employment.** Employment in establishments receiving their income from outside the community.

**basic income.** Income that is commanded from outside the community.

**basic rent.** The rent charged in a subsidized housing project and computed on the basis of a maximum subsidy.

**basic yield.** The annual return produced by an investment which carried no risk. In reality such an investment is nonexistent, long-term government bonds being the closest approximation.

**basis.**

1. Cost basis—the dollar amount assigned to property at the time of acquisition under provisions of the Internal Revenue Code for the purpose of determining gain, loss, and depreciation in calculating the income tax to be paid upon the sale or exchange of the property.

2. Adjusted cost basis—the cost basis after the application of certain additions for improvements and deductions for depreciation.

**basket provision.** A provision contained in the regulatory acts governing the investments of insurance companies, savings and loan associations, and mutual savings banks. It allows for a certain small percentage of total assets to be placed in investments not otherwise permitted by the regulatory acts.

**bathroom.** A room containing at least a toilet, lavatory, and a bathtub, with or without a shower. The FHA counts three plumbing fixtures equal to one bathroom; two plumbing fixtures equal to one-

**half bathroom.** In some areas, real estate brokers count a toilet, lavatory, and shower as three-fourths bathroom.

**batt.** Insulation in the form of a blanket rather than loose filling.

**batten.** Small, thin strips covering joints between wider boards on exterior building surfaces.

**batter.** The slope of a wall, pier, or bank from the perpendicular; the vertical incline of the batter is generally expressed as so many inches horizontal to so many inches vertical.

**batter board.** A temporary framework used to assist in locating the corners when laying a foundation.

**batture land.** Land situated between the water's edge at low tide or low water and the river bank or the levee. Generally, the land is held in the same ownership as that of the abutting land; it can be sold separately from the adjoining land.

**bay.** An opening in a wall; the space between two columns or piers; a division of a barn or other buildings, such as industrial buildings, warehouses, or service stations.

**bay window.** A window forming a bay in a room which projects outward from the wall and is supported by its own foundation, in contrast to an oriel window which is similar but lacks foundation support. Synonym: bow window.

**beam.** One of the principal horizontal wood or steel members of a building.

**bearing value (of soil).** The character and ability of the soil and other underlying material to support a load such as foundations and buildings.

**bearing wall.** A wall that supports a floor or a roof of a building.

**bed-a-tree.** To prepare the path on which a tree is to fall so that it will not shatter.

**bedding.** A filling of mortar, putty, or other substance to secure a firm bearing.

**bedrock.** The solid rock underlying soils and other superficial formations.

**belt course.** A horizontal board across or around a building, usually made of a flat member and a molding.

**belt highway.** An arterial highway for carrying traffic partially or entirely around an urban area or portion thereof; and connected by principal streets or highways with the city.

**bench mark.** A mark on a permanent object indicating elevation and serving as a reference in land surveys.

**beneficial interests.** Benefits, profits, or advan-

tage resulting from a trust contract. The real owner of a property, as distinguished from the trustee who holds only legal title.

**beneficial use.** As regards water rights, this doctrine holds that the water resources (of the state) must be put to the most beneficial use of which they are capable. In some states it supersedes the doctrine of riparian rights.

**beneficiary.** One in whose favor a trust operates, or in whose behalf the income from a trust estate or trust deed is drawn; the lender on the security of a note. Also one who receives funds from a life insurance policy.

**beneficiary statement.** The statement of a lender that shows the remaining principal balance and other information about a loan. It is usually obtained when an owner wishes to sell or refinance. Often referred to as a bene statement, offset statement, or estoppel certificate, and requested by escrow or title companies.

**benefits.** The beneficial factors that arise from a public improvement for which private property has been taken in condemnation.

**bequeath.** To give or hand down by will; to leave by will.

**bequest.** That which is given by the terms of a will.

**berm.**

1. A horizontal ledge or bench, part way up a slope.

2. A mound of earth, sometimes paved, used to divert or control the flow course of surface drainage.

**betterment.** An improvement that increases property value, as distinguished from repairs or replacements that simply maintain value.

**bevel board (pitch board).** A board used in framing a roof or stairway to lay out bevels.

**bi-level.** A house built on two levels; a split-level house.

**bi-weekly.** Indicates twice a week.

**bib or bibcock.** A water faucet to which a hose may be attached. Also called a hose bib or sill cock.

**bid.** An offer of money in exchange for property placed for sale. At an ordinary auction sale, a bid is an offer to purchase.

**bill of sale.** A document in writing that transfers title to personal property.

**binder, insurance.** Evidence of temporary hazard or title coverage that runs for only a limited time and must be replaced by a permanent policy.