

"A"

Annual rest

The EMI is collected from the borrower every month and the appropriation towards interest and principal is made at the end of the financial year. This kind of appropriation is on annual rest basis.

Abstract of judgement

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

Absorption rate

The rate at which rentable space is filled.

Abstract of Title

Historical summary of all the recorded instruments and proceedings that affect title to the property.

Acceptance Letter

After the issue of the sanction letter of the loan, the applicant asserts his willingness to agree to all the terms and conditions as mutually decided upon by way of an acceptance letter

Acceleration Clause

This refers to a clause in the deed, enabling the lender the right to demand repayment of the entire amount

Accrued interest

Interest that has been earned but not paid

Acknowledgement

A declaration by a person who has signed a document that such signature is a voluntary act, made before a duly authorized person

Acquisition Cost

The price and all fees required to obtain a property

Addendum

An attachment to a contract

Adjustable rate mortgage (ARM)

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

Adjustment period

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

Advanced EMI

Number of EMIs in the form of post dated cheques, paid out in advance at the time of disbursement of the loan.

Affidavit

A written statement, sworn to or affirmed before an officer who is authorized to administer an oath or affirmation

Agent

An individual who represents a seller, a buyer or both in the purchase or sale of real estate

Alienation Clause

Under this clause, the borrower is required to pay the balance loan amount after the property is sold or transferred

Annual Percentage rate

Effective rate of interest rate for a loan per year including fees and points

Appraisal

A professional opinion of the value of a property by a licensed real estate appraiser.

Appreciation

An increase in the value of a property

Amenities

The various facilities, like park, swimming pool, health clubs, community centers etc, provided within the building campus

Anticipatory Breach

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

Arbitration

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

Assessed value

The value established for property tax purpose

Assignee

The person to whom an agreement or contract is sold or transferred

Assignment

The method by which a right or contract is transferred

Assignor

The person who assigns or transfers an agreement or contract to another

"B"**Base loan amount**

The loan amount upon which payments are based.

Basement

The area of a building below ground level

Bay Window

A window projecting outward like a curve

Bilateral Contract

A mutually agreed upon terms and conditions in a contract

Blueprint

A very detailed plan for a home or other property structure.

Board of realtors

A local group of real estate licensees who are members of the state and national association of Realtors

Bond

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

Breach of Contract

A violation of the terms of a legal agreement

Broker

An individual who acts as an intermediary between two or more parties for the purpose of negotiating a transaction

Building Byelaws

A set of rules and regulations adopted by a home owners association to govern activities

Building Permit

Permission granted by a local government or agency to build a specific structure at a specific site

"C"**Cancellation Clause**

A clause in the contract giving the right to each party to terminate the agreement

Capital

Money used to create income for investment

Capital Expenditure

The cost made towards the improvement of a property

Capital Gain

The profit made by an investor

Carpet areas

Areas of useable at any floor level as worked out in the plinth area minus the area occupied by the walls.

Casement Window

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

Casing

The trim that encircles a window or door opening. Used for hiding gaps between the door or window jamb and the wall's surface.

Clear title

It is a title which is free from any reasonable doubt and also free from all encumbrances.

Closing

The process that affects the final transfer of the deed from the seller to the buyer, as well as finalize all aspects of the mortgage of the property.

Common areas

It is actually the covered area of the common spaces and areas meant for use by the occupants of the building. These areas may include staircase, lifts, ducts for sanitation, electrical and air conditioning areas etc. This area is generally divided proportionately in relation to the size of the apartment and charged accordingly.

Collateral

Property pledged as security for a debt

Condominium

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

Consortium

An association of financial institutions or investors for the purpose of engaging in a joint venture

Contract

An agreement between competent parties to do or not to do certain things for consideration

Contract for Deed

A real estate installment selling arrangement whereby the buyer may use, occupy, and enjoy land but no deed is given by the seller until all or a specified part of the sale price has been paid

Conversion

Changing property to a different use or form of ownership

"D"**Decree**

An order issued by an authority

Deed

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

Default

Failure to meet all the commitments and obligations specified in the deed of trust

Depreciation

The decline in value of a piece of property.

Dimension Plans

Plans showing the layout of a house

Disclosure

A statement to a potential buyer listing information relevant to a piece of property

Documentation

The papers to be signed in connection with the loan at the HFC, i.e., the loan papers, is called documentation.

Distressed property

Property that is in poor physical or financial condition.

Down payment

The portion of the purchase price paid by a buyer to a seller from sources of funds outside of those provided by a lender

Dual Agency

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

Duct

A pipe or channel provided in the house for wiring or air condition

Duplex

An apartment having rooms on two adjoining floors connected by an inner staircase.

E**Earnest Money**

A deposit made by a purchaser of real estate as an offer

Elevations

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

EMI

Equated Monthly Installment is the installment amount the borrower has to make towards repayment of his loan. The EMI comprises of both the principal and interest.

Encroachment

A building, part of a building, or obstruction that physically intrudes upon, overlaps, or trespasses upon the property of another

Encumbrance

This records details of transfer of ownership of a property in succession upto the current owner. It shows the date, the names of the parties involving the amount of consideration, the extent and schedule of the property. This certificate can be obtained from the sub registrar's office for a payment of fee from any previous year till date. This certificate is also useful in establishing the events as to how and when the present owner came into possession of the property.

Equity

The value of the unencumbered interest in real estate as determined by subtracting the total of the unpaid mortgage balances plus the sum of any current liens against the property from the property's fair market value.

Escalation Clause

A clause in a lease providing for an increased rental rate at a future time.

Estate

The degree, nature, and extent of interest that a person has in real property

Eviction

Legal proceeding by a landlord to recover possession of property

Excavation

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

Extension Option

Agreed continuation of occupancy under the same conditions as outlined in previous agreements.

"F"

Fascia

A board that connects the ends of the roof rafters and provides a surface to support gutters.

Fire wall

A buffer composed of fire-resistant material.

Fixed-rate mortgage

A home loan with an interest rate that will remain constant for the entire loan period.

Fixture

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

Floating wall

Walls built to withstand movement in the basement floor.

Floor area ratio

The calculation of the floor area of all homes or buildings in a project.

Footings

Concrete foundations that support a structure.

Foreclosure

The process by which the borrower's rights to a property are terminated.

Framing

The construction of the skeletal framework of a house.

Frontage

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

“G”

Garden apartments

A housing complex whereby some or all tenants have access to a lawn area

General plan

A government's long-range land-use plan

Graduated-payment mortgage (GPM)

A mortgage that requires a borrower to make larger monthly payments over the term of the loan.

Ground Lease

One that rents the land only

Gross income

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

“H”

Hi Rise

Any building higher than six stories.

Home equity loan

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

Housing and Urban Development

A federal government agency established to implement certain federal housing and community development programs

Home owners' Association

Housing expense ratio

The percentage of gross monthly income devoted to housing costs.

Hypothecate

To pledge something as security without having to give up possession of it

“I”

Income property

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

Initial interest rate

The original interest rate on an adjustable mortgage.

Inspection of property

Inspection of property intended for purchase/construction is done at regular intervals, both before and after disbursement of the loan.

Interest Rate

The percentage of the loan amount charged for borrowing money. The interest rates vary from one bank to the other

Interest rate ceiling

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

Investment Return

What an investor yields on the investment in rupees as a percent.

“J”

Joint Agent

A person having authority to transact business for two or more principals

Joint liability

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

Joint Venture

An agreement between two or more persons, each of whom has an undivided interest

Judicial foreclosure

A procedure to handle foreclosure proceedings as civil matters.

L**Landlocked**

Condition of a lot that has no access to public thoroughfare except through an adjacent lot

Late charge

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

Legal scrutiny report

The property documents needs to be properly scrutinized by the legal personnel to ensure that the proposed property is clear and marketable.

Letter of intent

A formal letter from the buyer stating his intensions to buy a certain property on a certain price and date.

Liabilities

A borrower's debts and financial obligations.

Lien

A claim on a property of another as security for money owned

Lease Purchase

A lease combined with a purchase agreement that obligates the tenant to purchase the property under specified conditions

License for construction

A permission to construct issued along with the sanctioned plan.

Listings

Written agreement between a principal and an agent authorizing the agent to perform services for the principal involving the principal's property

Loan commitment

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

Low-ball offer

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

"M"**Margin amount**

The difference in the total cost of the project and the loan amount sanctioned is the margin amount.

This money has to be invested by the borrower of the property prior to the release of the loan amount in case of construction of a house. In case it is for purchase of a house, then the loan amount will be released on the day of registration of the property and the margin money has to be invested by the borrower prior to the release. In case of purchase of flats also, the release will be made only on investment of the margin money by the borrower.

Marketable title

When the title to the property is clear and the person has the right and capacity to transfer the same then he is said to have a marketable title.

Market value

It is the value of the property as per the prevailing market rates.

Master Lease

A lease controlling subsequent leases.

Mortgage

It is a conditional conveyance of property as security for the repayment of a loan

Mortgage insurance

Required by lenders in some loans to protect them from a possible default .

Moving Expenses

Agreement in a lease from the landlord to help tenant with the cost of relocation.

Multifamily mortgage

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

“N”**Net Lease**

Lease in which tenant pays base plus some portion of the operating expenses of the property.

No-documentation loan

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

Notice of default

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

“O”**Occupancy Cost**

Charge to tenant, pursuant to its lease, such as rent, operating expense increases, parking charges, moving expenses, remodeling costs, etc.

Origination fee

A fee charged by most lenders--also called points--for processing a loan.

Overhang

A protruding structural feature.

“P”**Parking strip**

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

Penal interest

If the installments are not received as per the repayment terms, by the end of the month, the borrower will be charged interest on the installments delayed which is called as penal interest

Plinth area

Area measured externally of the whole building. This includes balconies, however this will not include common areas in apartment blocks/commercial buildings and spaces.

Power of attorney

It is an instrument empowering a specified person or persons to act for and in the name of the person executing it. The person for whom the act is done or who is so represented is called principal. The person who is so authorised to do or represent is called agent. It may be either notarised or registered depending on the transaction.

Pre-approval letter

A letter from a lender that informs a seller about the amount of money that a potential buyer can obtain.

Pre-EMI

The EMI for the loan will begin after the loan has been disbursed in full. Till such time the borrower has to pay the interest for the loan. This amount of interest payable every month is called as pre-EMI.

Prepayment

It is the amount paid towards principal ahead of the prescribed repayment schedule. The benefit of interest is given to the party in such cases as per the norms of the company.

Pre-sanction inspection of property

Immediately on receipt of the application of the loan application, a loan officer from the HFC will conduct an inspection of the property to ascertain the location of the property, verify the technical details of the house like structural stability etc and the stage of construction, if the loan is for construction.

Property tax

This is the tax levied on the property by the local authority such as Corporation, Municipality, etc to the person in whose name the property stands.

Property line

The official dividing line between properties.

Purchase agreement

A document which details the purchase price and conditions of the transaction.

Qualifying ratios

Lenders compute qualifying ratios to determine how much a potential buyer can borrow.

Quiet Enjoyment

Guarantees the tenant's right to use the premises without interference from the landlord.

Quit-claim deed

A document that releases a party from any interest in a piece of real estate.

"R"**Real Property**

Land and any permanent fixtures on it, including buildings, trees and minerals.

Realtor

A group of licensed real estate agents who are also members of the National association of Realtors

Recording fee

A fee charged by real estate agents for conveying the sale of a piece of property into the public record.

Redemption Period

Period during which a former owner can reclaim foreclosed property

Repayment

The payment of EMI or pre-EMI as applicable is called as repayment of the loan. In case of NRIs this amount should come from Non-Resident (External) Account/Non-Resident (Ordinary) Account in India.

Repayment plan

When a borrower falls behind in mortgage payments, many lenders will negotiate a repayment plan rather than go to court

Resale value

The future value of a piece of property that can be affected by many factors, including the surrounding neighborhood, school scores, and economic and housing market conditions.

Residual

Remaining value or income after deducting the amount necessary to meet fixed obligations

Return on investment

The amount of profit a property generates.

“S”**Sale agreement**

It is an agreement which is entered into between the parties for dealing with the property and which creates a right to obtain a sale deed mentioning the property. Normally it fixes a time for completion, payment of earnest money or part payment of purchase consideration. Generally it is a document that precedes a sale deed and in such cases does not require registration and will also not confer any charge or right on the property. However in some states the sale agreement itself will be registered and will act as a sale deed.

Sale deed

It is an instrument in writing which transfers the ownership of the property or properties in exchange for a price paid/consideration. This is a document that requires to be registered compulsorily.

Sanction letter

Once the loan is approved, a letter communicating the sanction terms and conditions will be issued to the party

Sanctioned plan

A drawing containing the plans, section of elevations of areas along with detailed schedules, specifications and area statements on which the sanctioning authorities grant permission to carry out work as regulated in the bye laws.

Security deposit

Lump sum payment demanded by the landowner to be retained during the lease period, and is usually refunded at the end of the term.

Service Apartment

Fully furnished property, equipped with all amenities of a hotel room, to ensure a comfortable and low cost accommodation to business travelers

Settlement statement

A document that details who has paid what to whom.

Site plan

A document that describes how a parcel of land is to be improved. It includes the outlines of all structures and site improvements, such as driveways, parking lots, landscaping, and utility connections.

Stamp duty

It is the duty/fee payable on the different instruments/documents as per the prescribed rate. This differs from state to state. The adequacy of stamp duty should be ensured to make a document valid and enforceable.

Standard payment calculation

A calculation that is used to determine the monthly payment necessary to repay the balance of a home loan in equal installments.

Statement of account

The statement indicating the outstanding loan amount, the amount paid by the borrower, the appropriations made towards interest and principal, etc. at the end of the financial year.

Steel framing

A construction method used by commercial and residential builders.

Subordinate loan

A second or third mortgage.

Super built-up areas

Plinth area + proportionate share of 'Common Areas'.

"T"**Tax deduction**

A tax break given by the government. Mortgage interest, loan points and property taxes can be deducted.

Title

It is the right and interest over the property evidencing the ownership.

Third-party origination

In a third-party origination transaction, the lender has another institution originate all or part of a mortgage.

Title insurance

A policy issued to lenders and buyers to protect any losses because of a dispute over the ownership of a piece of property.

Transfer of ownership

Any legal means by which a piece of real estate changes hands.

Trust account

Special accounts used by brokers and escrow agents to safeguard funds for a buyer or seller.

"U"**Unrecorded deed**

An unrecorded deed transfers ownership from one party to another without being officially recorded.

Unsecured loan

Any loan that is not backed by collateral.

“V”

Valuation

The estimate or worth of a property or other assets

Variable Interest Rate

The interest rate that varies according to the market index

Vaulted ceiling

An elongated half-cylinder that arches above the floor.

Voluntary lien

A lien that a homeowner willingly gives to a lender.

“W”

Waiver

The voluntary renunciation, abandonment, or surrender of a claim, right or privilege

Warranty

A legally binding promise to do something in the future.

“X”

“Y”

“Z”

Zoning

Regulations that control the use of land within a jurisdiction..

Zoning variance

A one-time modification of existing zoning law.