Glossary of Real Estate Terms

Abstract (Of Title): A summary of the public records relating to the title to a particular piece of land. An attorney or title insurance company reviews an abstract of title to determine whether there are any title defects which must be cleared before a buyer can purchase clear, marketable, and insurable title.

Acceleration Clause: Condition in a mortgage that may require the balance of the loan to become due immediately, if regular mortgage payments are not made or for breach of other conditions of the mortgage.

ADA: Americans with Disabilities Act

Agent: An authorized person who manages or transacts business for another.

Agreement of Sale: Known by various names, such as contract of purchase, purchase agreement, or sales agreement according to location or jurisdiction. A contract in which a seller agrees to sell and a buyer agrees to buy, under certain specific terms and conditions spelled out in writing and signed by both parties.

Amenities: Features that enhance the value or desirability of a property.

Amortization: A payment plan that enables the borrower to reduce his debt gradually through monthly payments of principal.

Amortize: To pay a debt in periodic amounts until the total amount, including any interest, is paid.

Appraisal: A qualified party's opinion of the value of a property. An expert judgment or estimate of the quality or value of real estate as of a given date.

Appreciation: Expressed as a percentage, the return generated from either inflation or real price change. Investors prefer real price increases, those beyond the rate of inflation, since these are generated by demand growing relative to supply and real estate tends to move with inflation in the long run anyway simply as a durable asset.

ARM (Adjustable Rate Mortgage): A financing technique in which the lender can raise or lower the mortgage interest rate according to a set index, such as Treasury bills.

Assessment: An official valuation of property for tax purposes. Also payments made by condominium or cooperative owners for their share of building maintenance expenses.

Asset Manager: Acquire and dispose of property, decide when to increase investment in a property to generate additional income, may select and supervise property manager.

Assignee Name: The individual or entity to which the obligations of a lease, mortgage, or other contract have been transferred.

Assumption of Mortgage: An obligation undertaken by the purchaser of property to be personally liable for payment of an existing mortgage. In an assumption, the purchaser is substituted for the original mortgagor in the mortgage instrument and the original mortgagor is to be released from further liability in the assumption, the mortgagee's consent is usually required. The original mortgagor should always obtain a written release from further liability if he desires to be fully released under the assumption. Failure to obtain such a release renders the original mortgagor liable if the person assuming the mortgage fails to make the monthly payments.

Average Space Downtime: Expressed in weeks or months, the typical amount of time expected between the expiration of a lease and the commencement of a replacement tenant under current market conditions.

Base or Contract Rent or Face Rent: The rental obligation, expressed in dollars, as specified in a lease, per month or per year. The initial contract rent may change during the lease term because of specifically stated increases, or through adjustments based on changes in various published indices such as the CPI.

BOMA Standard: The dominant standard for building measurements provided by BOMA, "Building Owners and Managers Association".

Broker: An independent business person who sets real estate office policies, hires employees, determines their compensation, and supervises their activities in the role of a real estate intermediary or agent.

Buildable Acres: The area of land that is available to be built on after subtracting for roads, setbacks, anticipated open spaces, and areas unsuitable for construction.

Building Line or Setback: Distances from the ends and/or sides of the lot beyond which construction may not extend. The building line may be established by a filed plat of subdivision, by restrictive covenants in deeds or leases, by building codes, or by zoning ordinances.

Buyer Agent: An agent who represents the buyer in a real estate transaction. A buyer agent may be paid by the buyer, seller, or listing agent at closing, provided all parties consent.

Capital Expenditures: Additional physical improvements, e.g., land, buildings, building additions, site improvements, machinery, equipment; lighting, roofing, HVAC systems, cables, as distinguished from cash outflows for items that are normally considered part of the current property operations.

CBD: Central Business District or downtown, except in Charlotte where downtown is "uptown".

Certificate of Title: A certificate issued by a title company or a written opinion rendered by an attorney that the seller has good marketable and insurable title to the property which he is offering for sale. A certificate of title offers no protection against any hidden defects in the title that an examination of the records could not reveal. The issuer of a certificate of title is liable only for damages due to negligence. The protection offered a homeowner under a certificate of title is not as great as that offered in a title insurance policy.

Class A Office Buildings: Most prestigious buildings competing for premier office users with rents in the upper one third of the market. Buildings have high quality standard finishes, state of the art systems, exceptional accessibility and a definite market presence.

Class B: Buildings competing for a wide range of users with rents in the upper two-thirds of the market. Building finishes are fair to good for the area. Building finishes are fair to good for the area and systems are adequate, but the building does not compete with Class A at the same price.

Class C: Buildings competing for tenants requiring functional space at rents below the average for the area. Few amenities and little common area.

CLO (Computerized Loan Origination): A computer network of major lenders that allows agents to initiate mortgage applications in their office. HUD has approved the procedure as long as 1) full disclosure is made of the fee; 2) multiple lenders are displayed on the computer screen to give borrowers a basis for comparison; 3) the fee charged is a dollar amount rather than a percentage of the loan.

Closed-end Fund: A commingled fund with a stated termination date, with no additional investors after the initial formation of the fund. Closed-end funds typically purchase a portfolio of properties to hold for the

Closing Costs: The numerous expenses which buyers and sellers normally incur to complete a transaction in the transfer of ownership of real estate. These costs are in addition to price of the property and are items prepaid at the closing day.

Closing Day: The day on which the formalities of a real estate title transfer are concluded. The certificate of title, abstract, and deed are generally prepared for the closing by an attorney and this cost charged to the buyer. The buyer signs the mortgage and closing costs are paid.

Cloud (On Title): An outstanding claim or encumbrance that adversely affects the marketability of title.

CMA (Competitive Market Analysis): A method of determining the value of a property by comparing the prices paid for similar properties.

Code of Ethics: A written standard of ethical conduct embraced by the affected trade association to describe appropriate business conduct under a variety of circumstances. The emphasis in most codes of ethics is on truthful representation, avoidance of conflicts of interest, respect for colleagues, and open disclosure of areas of competency and experience.

Commingled Investment Funds: A term applied to all open-end and closed-end pooled investment vehicles designed for institutional tax-exempt investors. A commingled fund may be organized as a group trust, partnership, corporation, separate account, REIT or LLC.

Commission: Compensation paid to a real estate agent (usually by the seller) for services rendered in connection with the sale, exchange, or lease of property.

Common Area: For lease purposes, the areas of a building available for the non-exclusive use of all its tenants, e.g., lobbies, corridors, public restrooms, parking lots, etc.
completion of all construction or certification of occupancy or rental.

Condemnation: The taking of private property for public use by a government unit, against the will of the owner, but with payment of just compensation under the government's power of eminent domain.

Condemnation may also be based on a determination by a governmental agency that a particular building is unsafe or unfit for use.

Condominium (Condo): Individual ownership of a portion of a building, with common areas shared by all owners. Maintenance fees called "assessments" are paid to the condominium association to maintain, repair, or improve the property.

Contract: Legal agreement between a buyer and seller or tenant and landlord that is in writing and includes all the elements necessary for a legally binding contract; consideration, signed authority, descriptions, closing date, contingencies, and the process to remove contingencies at a minimum.

Contractor: In the construction industry, a contractor is one who contracts to erect buildings or portions of them. There are also contractors for each phase of construction: heating, electrical, plumbing, air conditioning, and others.

Conventional Mortgage: A mortgage loan not insured by HUD or guaranteed by the Veterans' Administration. It is subject to conditions established by the lending institution and State statutes. Risk is assessed by the mortgage originator based on the probability of default and/or a loss in foreclosure.

Convertible Mortgage Note: A loan secured by real property, typically written at a rate below current market interest rates, in exchange for the privilege of the lender to convert the loan to an equity interest at a specified future time.

Co-operative (Co-op): An arrangement in which a corporation made up of residents owns a building. The buyer owns a proprietary lease, rather than real property, and a corresponding number of shares in the corporation.

Corporate Facilities Manager: Responsible for site selection, acquisition, construction, lease negotiation, furniture, operations, accounting, and labor management for industrial and service corporations.

Cost Approach to Value: The current cost to construct a reproduction of, or replacement for, the existing structure less an estimate for accrued depreciation, plus the prepared site cost.

Counter Offer: A new offer as to price, terms, and conditions, made in response to a prior, unacceptable offer. A counter offer terminates an original offer.

Current Occupancy: The current leased portion of a building or property expressed as a percentage of its total leaseable area or units.

Deed of Trust: Like a mortgage, a security instrument whereby real property is given as security for a debt. However, in a deed of trust there are three parties to the instrument: the borrower, the trustee, and the lender, (or beneficiary). In such a transaction, the borrower transfers the legal title for the property to the trustee who holds the property in trust as security for the payment of the debt to the lender or beneficiary. If the borrower pays the debt as agreed, the deed of trust becomes void. If, however, he defaults in the payment of the debt, the trustee may sell the property at a public sale, under the terms of the deed of trust. In most jurisdictions where the deed of trust is in force, the borrower is subject to having his property sold without benefit of legal proceedings. A few States have begun in recent years to treat the deed of trust like a mortgage.

Deed: A formal written instrument by which title to real property is transferred from one owner to another. The deed should contain an accurate description of the property being conveyed, should be signed and witnessed according to the laws of the State where the property is located, and should be delivered to the purchaser at closing day. There are two parties to a deed: the grantor and the grantee. (See also deed of trust, general warranty deed, quitclaim deed, and special warranty deed.)

Default: Failure to make mortgage payments as agreed to in a commitment based on the terms and at the designated time set forth in the mortgage or deed of trust. It is the mortgagor's responsibility to remember the due date and send the payment prior to the due date, not after. Generally, thirty days after the due date, if payment is not received, the mortgage is in default. In the event of default, the mortgage may give the lender the right to accelerate payments, take possession and receive rents, and start foreclosure. Defaults may also come about by the failure to observe other conditions in the mortgage or deed of trust.

Depreciation: Decline in value of a property due to wear and tear, adverse changes in the neighborhood, or any other reason. Also for commercial property depreciation refers to the economic life over which the asset, excluding land, might be written off for the calculation of taxable income. Current economic lives for residential investment property are 27.5 years and 39.0 years for commercial property.

Developer: Responsible for initiating and coordinating all the activities necessary for project development including design, financing, site acquisition, preparation, permitting and lease-up. The developer's ownership role might be anywhere from 0% to 100%. "Spec" or speculative development is not pre-sold or pre-leased.

Disclosure: Revealing what previously was private knowledge. Any statement of fact that is required by law.

Discount Rate: A yield rate used to convert future payments or receipts into present value.

Down Payment: A percentage of the purchase price the buyer pays in cash typically at the closing. The amount of money to be paid by the purchaser to the seller upon the transfer of title. The downpayment is the difference between the sales price and mortgage loan also known as initial equity. A deposit is money paid upon acceptance of a purchase contract, also known as earnest money, discussed below.

Dual Agent: An agent representing both parties in a transaction. In almost every state, dual agency is illegal and unethical without the written consent of both the buyer and the seller.
duration of the fund and, and as sales occur typically distribute the funds. Many closed end funds set up second, third and on-going funds as optional investments to participants receiving their money back.

Earnest Money: The same thing as consideration or a deposit. The money given to the seller or his agent by the potential buyer upon the signing of the agreement of sale to show that he is serious about buying the property and to form a binding contract. If the sale goes through, the earnest money is often applied against the downpayment.

Easement Rights: A right-of-way granted to a person or company authorizing access to or over the owner's land. An electric company obtaining a right-of-way across private property is a common example.

Encroachment: An obstruction, building, or part of a building that intrudes beyond a legal boundary onto neighboring private or public land, or a building extending beyond the building line.

Encumbrance: A legal right or interest in land that affects a good or clear title, and diminishes the land's value. It can take numerous forms, such as zoning ordinances, easement rights, claims, mortgages, liens, charges, a pending legal action, unpaid taxes, or restrictive covenants. An encumbrance does not legally prevent transfer of the property to another. A title search is all that is usually done to reveal the existence of such encumbrances.

Equity Reversion Value: A lump-sum benefit that an investor receives or expects to receive at the termination of an investment based on the Reversion Value less transaction costs and mortgage debt.

Equity Value: The total market value of a property less outstanding debt. The value of a property owner's unencumbered interest in real estate. Equity is computed by subtracting from the property's fair market value the total of the unpaid mortgage balance and any outstanding liens or other debts against the property. Equity increases as the owner pays off his mortgage or as the property appreciates in value.

Escrow: Funds paid by one party to another (the escrow agent) to hold until the occurrence of a specified event, after which the funds are released to a designated individual.

Exclusive Listing: A written agreement in which the seller appoints only one agent to market the property for a specific period of time. If the owner sells or leases the property himself, he is not required to pay a commission.

Exclusive Right of Sale Listing: A written agreement between an agent and a property owner stating that the owner will pay a commission to the agent if the property is sold during a specific time period whether or not the agent is responsible for the sale.

Fair Market Value: The price a property will command on the open market, neither buyer or seller acting under duress and with full information. Statistically, fair market value is the most probably selling price with a typical marketing period.

Fannie Mae (Federal National Mortgage Association): Fannie Mae purchases home mortgages, thus serving as a source of funds for mortgage lenders. It is a privately owned corporation whose shares are traded on the New York Stock Exchange, but it is subject to the strict supervision of the secretary of the U.S. Department of Housing and Urban Development (HUD).

Federal Fair Housing Law: Refers to Title VIII of the Civil Rights Act, and stipulates that discrimination based on race, color, sex, familial status, handicap, religion, or national origin is illegal in connection with the sale or rental of most dwellings.

FHA (Federal Housing Administration): A federal agency established to improve housing standards and conditions. The FHA provides mortgage insurance to approved lending institutions.

Foreclosure: A legal term applied to any of the various methods of enforcing payment of the debt secured by a mortgage, or deed of trust, by taking and selling the mortgaged property, and depriving the mortgagor of possession.

Forward Commitments: Contractual obligations to perform certain future financing activities upon the satisfaction of any stated conditions. Usually used to describe a lender's obligation to fund a future mortgage.

Freddie Mac (Federal Home Loan Mortgage Corporation): A federally chartered corporation established to purchase mortgages in the secondary, or resale market. It is subject to oversight by the U.S. Department of Housing and Urban Development (HUD).

Free Rent: Expressed in weeks or months, the free rent period beyond the time for tenant leasehold improvements required to induce a tenant to lease the space under current market conditions.

General Warranty Deed: A deed which conveys not only all the grantor's interests in and title to the property to the grantee, but also warrants that if the title is defective or has a "cloud" on it (such as mortgage claims, tax liens, title claims, judgments, or mechanic's liens against it) the grantee may hold the grantor liable.

Going-in Capitalization Rate: The capitalization rate computed by dividing the projected first year's net operating income by the initial price of the property.

Grantee: That party in the deed who is the buyer or recipient.

Grantor: That party in the deed who is the seller or giver.

Gross Rent: A rate quoted as "gross" includes all operating costs; heating, ventilation and air conditioning (HVAC), property taxes, insurance, janitorial services and maintenance charges. These can range from $3.00 to $7.00 per square foot, depending on the type, location and age of the building. With a gross lease the landlord bares the responsibility of variance in expected operating costs.

Gross Square Footage: The total square footage of the building, including machinery rooms, vertical penetrations, hallways, bathrooms, etc.

GSA: General Services Administration; entity that manages approximately 40% of the federal government's office space

Guaranty: A pledge made by one person (the guarantor) to ensure that another person (the obligor) will fulfill an obligation to a third party (the obligee).

Hazard Insurance: Protects against damages caused to property by fire, windstorms, and other common hazards.

Highest and Best Use: The reasonably probable and legal use of vacant land or an improved property which is physically possible, appropriately supported, financially feasible, and that results in the highest value.

Holdbacks: A portion of a loan commitment that is not funded until an additional requirement is met, e.g., HUD (U.S. Department of Housing and Urban Development: A federal department active in a variety of national housing programs including urban renewal and public housing.

HVAC: Heating, Ventilating and Air Conditioning

Improvements: Buildings and additions intended to increase the value of a property.

Income Capitalization Value: The indication of value derived for an income-producing property by converting its anticipated net operating income into property value by direct capitalization of expected income, where value equals the NOI divided by the capitalization rate or alternatively by discounting the annual cash flows for the holding period at a specified yield rate and summing them with a reversion value estimate discounted to present value.

Institutional Grade Properties: Institutional grade properties are those of sufficient size and stature that they merit attention by large national or international investors, hence the name. These properties are of good design and construction, although they are rarely monumental in design or the use of construction materials. They are typically large. They may be located in secondary metropolitan areas, but invariably they will have a very stable tenant base. Investment properties usually contain state of the art mechanical, electrical, life safety, elevator and communications systems. Their finishes are of the highest standards and they often provide the occupants with an exceptional mix of amenities in variety and quality. Often they house a lead tenant for whom the property is named and usually they are located in a premier metropolitan area. Investment grade properties need not be considered to be "trophy" material but trophy properties are usually investment grade.

Lease Base Year. The initial period of a lease from which rent or operating expenses are increased according to some index such as the Consumer Price Index, when rents or expenses are not fixed.

Lease commencement date: A lease is dated when it is negotiated and signed. However, the lease may begin on a later date.

Lease Expiration Schedule: A tabulation listing the total leasable square footage of all current leases that expire in each of the next several years, without regard to renewal options.

Lease Options: Gives the tenant the right to extend the lease term or expand the area at his or her call at a certain point in time. May include prearranged lease rates or be negotiable at option time.

Lease Options: Language in the lease agreement conferring certain rights to the lessee to expand, renew or cancel the lease. The lessee may be given the right to lease certain additional expansion space, typically contiguous to the current leased premises, at a stated or negotiated rate. The lessee may be able to extend the expiration date of the lease for a stated period of time at a stated or negotiated rate. The lessee may terminate the lease prior to its expiration date on stated dates or upon the occurrence of certain events.

Leased Area: The leasable area of a property where the rights to exclusive use and possession have been conveyed from the owner to a tenant by a written document.

Leasing Agent: An independent contractor usually working for a large commercial brokerage firm who represents the developer or owner on a contingency or commission basis.

Lien: A charge or claim by one party on the property of another as security for the payment of a debt. Such claims may include obligations not met or satisfied, judgments, unpaid taxes, materials, or labor.

Life Cycle of property: "Pre-development" when the site is raw land and a building permit has been issued. "Development" when under construction, including preparation and installation of infrastructure. "Initial Leasing" when construction is on going and the property is being marketed for one year or less. "Operating" properties have achieved 60% leased status since construction, or have been available for occupancy for more than one year. "Harvesting" is the term applied when a property is to be sold or already sold.

Listing Agent: The agent who represents the seller.

Listing: A written agreement between a property owner and a real estate broker authorizing the broker to find a buyer or tenant.

Mall Tenant Sales Per Square Foot (Retail Facility): The total sales for all tenants leasing owned space, except sales from department stores that are leased from the center, divided by the total leasable area these tenants occupy.

Marketable Title: A title that is free and clear of objectionable liens, clouds, or other title defects. A title which enables an owner to sell his property freely to others and which others will accept without objection.

Minimum rent. The agreed fixed minimum rent is stated in the lease, usually in terms of the monthly rent to be paid. Minimum rent increases may be linked to specific economic indicators, such as the Consumer Price Index, known in the trade as an escalator clause.

MLS (Multiple Listing Service): A means by which agents list properties offered for sale by other agents, often available through the internet to the public.

Mortgage (Open-End) A mortgage with a provision that permits borrowing additional money in the future without refinancing the loan or paying additional financing charges.

Mortgage Commitment: A written notice from the bank or other lending institution saying it will advance mortgage funds in a specified amount to enable a buyer to purchase a property.

Mortgage Insurance: An insurance plan that protects the lender if the borrower does not repay a loan.

Mortgage Note: A written agreement to repay a loan. The agreement is secured by a mortgage, serving as proof of an indebtedness, and states the manner in which it shall be paid. The note states the actual amount of the debt that the mortgage secures and renders the mortgagor personally responsible for repayment.

Mortgage: A legal document pledging property as security for the payment of a loan and a lien or claim against real property given by the buyer to the lender as security for money borrowed. Under government-insured or loan-guarantee provisions, the payments may include escrow amounts covering taxes, hazard insurance, water charges, and special assessments. Mortgages generally run from 10 to 30 years, during which the loan is to be paid off.

Mortgagee: The lender in a mortgage agreement.

Mortgagor: The borrower in a mortgage agreement.

Net Asset Value: Total Assets based a market or appraised value less total debt.

Net Sales Proceeds: Proceeds from the sale of an asset or part of an asset less brokerage commissions, closing costs, legal and marketing expenses.

Offer: A proposal to purchase property at a specified price and terms.

Open-end Fund: A commingled fund with no termination date, that allows continuous entry and exit of investors, and typically engages in on-going investment purchases, operation and sale activities.

Origination Fee: A lender's charge for establishing and processing a new mortgage loan. It is generally computed as a percentage of the loan and may be tax deductible.

Overage Rent Percentage and Breakpoint Rent, computed as a percentage of actual retail sales in excess of an established threshold (breakpoint), paid by tenants in addition to contract rent. Also known as "Percentage Rent."

Owner of Record: The person or entity named in the public record as the owner of a property or mortgage.

Participating Mortgage Note: A loan secured by real property, with a stated interest rate that also provides for the participation by the lender in annual net cash flow, gain on sale, or proceeds from refinancing the property.

Partnership: An association of two or more persons or entities for the purpose of carrying out an investment or business for profit and for sharing of both profits and losses.

Pass Throughs: Expenses paid by the tenant, usually prorated on the basis of occupied space as a percent of total leaseable space for the building. This does not apply on a triple net lease as the tenant is paying all such expenses.

Percentage rent. Commercial retail leases usually include a fixed minimum rent and a percentage rent provision. The latter requires the tenant to pay additional rent also known as "overage" based on a percentage of the sales exceeding a certain level known as the break point.

Plat: A map or chart of a lot, subdivision or community drawn by a surveyor showing boundary lines, buildings, improvements on the land, and easements.

Points: A one-time charge paid to the lender for issuing a loan. Each point equals one percent of the loan amount and is used to obtain revenue in addition to the interest rate. Sometimes called "discount points." For example, if a loan is for $250,000, one point is $2,500. Points are charged by a lender to raise the yield on the loan at closing.

Prepayment: Payment of mortgage loan, or part of it, before due date. Mortgage agreements often restrict the right of prepayment either by limiting the amount that can be prepaid in any one year or charging a penalty for prepayment. Some loans are "locked out" preventing early pre-payment.

Principal Balance: The original mortgage amount adjusted for principal payments. The remaining balance is always equal to the present value of the remaining payments discounted at the contract rate of interest.

Property Manager: Property managers are responsible for the care and upkeep of the premises and often coordinate leasing activities either directly or through the designated leasing agent.

Property Tax: As applied to real estate, an enforced charge imposed on persons, property or income, to be used to support the State. The governing body in turn utilizes the funds to support public services such as schools.

Punch list: Items yet to be completed during new construction based on an inspection by the buyer or tenant.

Purchase Price: The total cost of an investment including all amounts paid to the seller excluding any adjustments at closing.

Qualified Buyer: A buyer who has demonstrated the financial ability to afford the asking price of a property.

Quitclaim Deed: A deed which transfers whatever interest the maker of the deed may have in the particular parcel of land. A quitclaim deed is often given to clear the title when the grantor's interest in a property is questionable. By accepting such a deed the buyer assumes all the risks. Such a deed makes no warranties as to the title, but simply transfers to the buyer whatever interest the grantor has. (See deed.)
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Refinance: Obtaining a new loan to pay off an existing loan. Refinancing is a popular practice when interest rates drop.

REIT: Real Estate Investment Trust, a conduit entity that invests in real estate and avoids corporate taxation on distributed income.

Rentable Square Feet: The usable square feet plus a load factor, i.e., a percentage (typically 7% to 20%, depending on layout of the building) of such common areas as the building lobby, common hallways and restrooms. The load factor should not include vertical penetrations, i.e., elevator shafts and stairwells. The load factor accommodates common area maintenance known as CAM.

Replacement Reserves: An allowance that provides for the periodic replacement of building components that wear out more rapidly than the building itself and must be replaced during the building's economic life.
Restrictive Covenants: Private restrictions limiting the use of real property. Restrictive covenants are created by deed and may "run with the land," binding all subsequent purchasers of the land, or may be "personal" and binding only between the original seller and buyer. The determination whether a covenant runs with the land or is personal is governed by the language of the covenant, the intent of the parties, and the law in the State where the land is situated. Restrictive covenants that run with the land are encumbrances and may affect the value and marketability of title. Restrictive covenants may limit the density of buildings per acre, regulate size, style or price range of buildings to be erected.

Reversion Capitalization Rate: The overall capitalization rate used to determine the Reversion Value based on the end of year NOI or next year NOI divided by a capitalization rate.

Right of First Refusal: Landlords undertaking to offer space to existing tenants on the same terms and conditions as a bona fide offer they may have received for that space.

Sales Comparison Value: A value indication derived by comparing the property being appraised to similar properties that have been sold recently, applying appropriate units of comparison, and making adjustments to the sales prices of the comparable based on the differences from the subject property. Comparables are adjusted to reflect what they would sell for if they were identical to the subject property being appraised.

Selling Agent: The agent who obtains a buyer. A selling agent may represent the buyer, or may be a subagent of the seller.

Special Assessments: A special tax imposed on property, individual lots or all property in the immediate area, for road construction, sidewalks, sewers, street lights, etc.

Special Lien: A lien that binds a specified piece of property, unlike a general lien, which is levied against all one's assets. It creates a right to retain something of value belonging to another person as compensation for labor, material, or money expended in that person's behalf. In some localities it is called "particular" lien or "specific" lien. (See lien.)

Special Warranty Deed: A deed in which the grantor conveys title to the grantee and agrees to protect the grantee against title defects or claims asserted by the grantor and those persons whose right to assert a claim against the title arose during the period the grantor held title to the property. In a special warranty deed the grantor guarantees to the grantee that he has done nothing during the time he held title to the property which has, or which might in the future, impair the grantee's title.

Speculative Property: Speculative properties are not yet leased or pre-sold. Developers are "speculating" on future real estate demand prior to or just after the completion of the building.
Stabilized Net Operating Income: Projected income less expenses that are both subject to change, but that have been adjusted to reflect equivalent, stable property operations.   Unusually low occupancy or low occupancy might be viewed as temporary and atypical given rise to the use of Stabilized NOI for appraisal purposes.

Subagent: A salesperson who works for an agent.

Survey: A map or plat made by a licensed surveyor showing the results of measuring the land with its elevations, improvements, boundaries, and its relationship to surrounding tracts of land. A survey is often required by the lender to assure him that a building is actually sited on the land according to its legal description.

Take-out loan: Refers to a permanent mortgage loan used to "take out" a construction loan.
Tenant Improvements or (TI): Landlord-provided improvements included in the space such as wall finish, carpeting, and lighting. There are two general categories, first, "under ceiling" including walls taped and ready for paint, HVAC system ready for specific distribution to offices, ceiling grid in place with lights and tile on the floor ready for placement, electric and plumbing stubbed off to the space and, often, window coverings. The second is "slab-to-slab" and does not include any of these. TI's are anything needed over and above the basic building shell.

Tenant Representative or Tenant Rep: Specializes in negotiating for tenants. The tenant representatives' company should, preferably, not also be leasing agents, i.e., landlord representatives.

Title insurance may be issued to a "mortgagee's title policy." Insurance benefits will be paid only to the "named insured" in the title policy, so it is important that an owner purchase an "owner's title policy", if he desires the protection of title insurance.

Title Insurance: An insurance policy that protects against losses arising from title defects such as forged or miss-filed documents. Protects lenders against loss of their interest in property due to legal defects in title.

Title Search or Examination: An examination of the public records to determine whether the current title is clear or defective.

Title: Lawful ownership of property. As generally used, the rights of ownership and possession of particular property. In real estate usage, title may refer to the instruments or documents by which a right of ownership is established (title documents), or it may refer to the ownership interest one has in the real estate.

Transactions Cost of Sale Percentage: Expressed as a percentage of the Reversion Value, an estimate of the costs to sell an investment representing marketing costs and/or brokerage commissions, closing costs and fees, and other necessary disposition expenses.

Triple Net Lease: Wit a triple net or "NNN" lease all operating expenses are paid for directly by the tenant. Some leases are "net" or include partial payment of operating costs.

Trustee: A party who is given legal responsibility to hold property in the best interest of or "for the benefit of" another. The trustee is one placed in a position of responsibility for another, a responsibility enforceable in a court of law. (See deed of trust.)

Usable Square Feet: The space actually occupied by a tenant, including internal hallways and elevator lobbies, if occupying an entire floor.

VA (Veterans Administration): A federal agency designed to help veterans enter the housing market. A loan guaranteed by the U.S. Department of Veterans Affairs (VA). VA loans are made to honorably discharged veterans.

Walk-Through: A final inspection of a property before it changes ownership.

Zoning Ordinances: The acts of an authorized local government establishing regulations for property land usage, type of use, density, and set-backs.