

**REAL ESTATE PRINCIPLES  
VOCABULARY TEST #D**

**Definitions**

- a. Any items of personal property.
  - b. The rights to use, control or occupy the air space over a designated parcel of real property, without the right to use the surface of the property.
  - c. The representation of two or more principals in one transaction by the same agent, which must be fully disclosed.
  - d. The separation through legal action of the interests of concurrent owners, resulting in the individual ownership of the interests of each.
- a. A binding contract created by the actions of the parties rather than by any oral or written agreement.
  - b. Also known as earnest money. The funds given by a purchaser with an offer to show sincerity or good faith, called consideration.
  - c. Any lien placed against real property without the consent of the owner, or through an involuntary process, such as a judgment lien or tax lien.
  - d. The rights and privileges which are attached to and transfer with the real estate, such as easements and rights-of-ways.
- a. The soil deposited by accretion.
  - b. The purchaser or buyer, particularly in reference to a land sales contract or installment contract.
  - c. Let the buyer beware. The buyer is responsible for examining the property and then buying at their own risk.
  - d. A reference to water abutting the shore of an ocean, sea or lake.
- a. The appraisal principle which maintains that the value of any real property is affected by the supply of available similar properties and the total demand for such properties.
  - b. A form of concurrent ownership for two or more persons where each owner has an equal undivided interest in the property during their lifetime, and at the death of one of the owners, their interest automatically passes to the surviving joint tenants.
  - c. An informal reference to any imaginary north-south line used in surveying.

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- d. The theory that real property ownership may be compared to a bundle of sticks, each stick representing a distinct right, including possession, quiet enjoyment, use, control, exclusion, encumbrance and disposition.
- a. Any statement or concealment which is made with the result of obtaining some action by another person through deceit; may be by omission or by commission.
- b. Any charge against privately owned real property for public improvements to the property, such as paving and street lights.
- c. Charged by the government according to the value of the property.
- a. The form of land ownership where real property is owned free from any continuing obligation to the government.
- b. The person who is empowered to represent the principal in all facets of the principal's business.
- c. Also known as "undue influence:" threats or intimidation used against someone to force them to act against their will.
- d. Laws which promote private enterprise and competition by prohibiting monopolies, cartels, price-fixing and restraint of trade.
- a. The sale of a major portion of the inventory, supplies or trade fixtures of a business, regulated by the UCC for protection of the buyer and the seller's creditors.
- b. An interest in real property for the lifetime of a natural person, an indefinite although limited time.
- c. The sale of real property made by a trustee to obtain funds in lieu of an unpaid debt.
- d. The written history of ownership, conveyance and encumbrance affecting the title to a parcel of real property.
- a. An individual authorized to perform certain acts for another (the principal) under a power of attorney.
- b. An accounting term identifying money received or receivable.

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- c. The seller, particularly in reference to a land sales contract or installment contract.
- d. A parcel of real property completely surrounded by privately owned land, so that it has no permanent access to a public road.
- a. A document from a trustee to a trustor which returns to the trustor the limited power to sell the property.
- b. To transfer the ownership of real property with a deed.
- c. A single mortgage that is secured by more than one parcel of real property; as individual parcels are sold, they are released from under the blanket.
- d. A document issued by the trustee as the result of a non-judicial foreclosure.
- a. The failure to perform a legal duty; to fail to repay a debt.
- b. Any heavy structural member that transversely supports a load.
- c. The series of sloping beams that extends from the exterior wall to the center ridge board and provides the main support for the roof.
- d. The document recorded by a property owner to establish a homestead exemption.
- a. The ALTA title insurance policy issued for the benefit of a lender and future holder of the loan.
- b. Interest paid on accumulated interest as well as on the principal.
- c. Taxable income derived from the sale of a capital asset which was owned for six months or less; considered ordinary income.
- d. A person who signs or endorses the promissory note of another before it is delivered to the lender; one who is equally responsible for repayment.
- a. The borrower under a mortgage.
- b. The number of years since improvements were built
- c. The appraisal principle which maintains that certain physical, economic, political and social (PEPS) forces are constantly at work, affecting value of the property to be appraised.

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- d. A document which transfers or relinquishes real property rights from one person to another; from the grantor to the grantee.
- a. Words used in the endorsement of a note or check to indicate that the endorser is not liable for the validity of that instrument.
- b. A map of a county, parish, municipality or subdivision, indicating the location and boundaries of individual parcels of real property.
- c. Any loan in which the interest rate and payments change over the life of the loan.
- d. A loan not insured or guaranteed by the federal government.
- a. One who had died.
- b. A capitalization technique used in commercial appraisal where the NOI from the land is isolated, then capitalized to indicate the contribution of the land to the value of the whole property.
- c. The appraisal principle which maintains that the opportunity to generate profit breeds competition and that excessive profit potential breeds cutthroat or ruinous competition.
- d. A series of regular payments, known as the “income stream.”
- a. The process by which the appraiser reviews the value estimates indicated by the three approaches to value and develops a final estimate of value.
- b. One who creates smaller parcels of land from a larger parcel for the purpose of development or sale.
- c. A tenant who remains in possession of the leased real property after the expiration of the lease.
- d. The increase in value created by joining smaller adjacent properties into one large parcel, worth more than the sum of the smaller properties.
- a. The interest in real property held by a lessee under a lease, including the rights of possession and quiet enjoyment.
- b. One who puts land to its most profitable use through the construction of improvements.
- c. Taxable income derived from the sale of a capital asset which has been held for more than six months.

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- d. The conversion of income into value. In the income approach to value, the income, when divided by the rate, results in the value.
- a. The appraisal method of estimating the market value of the property by comparing it to similar properties which have recently sold and making appropriate adjustments for differences in time, amenities, location and financing.
- b. The appraisal principle which maintains that whenever properties of different values, sizes, amenities, etc., are present in one area, the values of the better properties will be adversely affected and regress to the general value of the area.
- c. A tax on the sale of real property, based on the sales price and paid upon the recordation of the deed.
- d. The amount of rent paid for the use of vacant land. If the land is improved, then the ground rent is that portion of the rent attributable only to the land.
- a. The creation of one large parcel of real property through the acquisition and combination of many smaller adjacent parcels.
- b. The appraisal principles which maintains that the surplus is the net income remaining from an enterprise after all the appropriate costs of capital, management and labor have been paid.
- c. Expenses that have been incurred but are not yet payable, as shown on a closing statement.
- d. The allocation of their proportionate share of income and expenses to the buyer and the seller using a banking month (30 days) and banking year (360 days).
- a. A smaller store in a shopping center that relies on the anchor tenant to generate traffic.
- c. A method of estimating construction costs in which the total improvement cost is based on the costs of various components.
- d. What a person owes.
- a. A right to land created by law to allow the owner of a land locked parcel of real property the rights of ingress and egress.
- b. Those improvements built for a single purpose which would have a limited demand in the market place, such as churches, schools, etc.

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- a. A right to land created by law to allow the owner of a landlocked parcel of real property the rights of ingress and egress.
  - b. Those improvements built for a single purpose which would have a limited demand in the marketplace, such as churches, schools, etc.
  - c. Interest computed on the principal balance only.
  - d. A form of appreciation caused by externalities (outside the property).
- a. Any loss from the sale of a capital asset which may reduce the income tax liability of the seller.
  - b. A right to real property created when the owner of one parcel splits that parcel into two lots and then reserves the right to cross one of the lots when that lot is sold.
  - c. A pitched roof with sloping sides and ends.
  - d. The original cost of the real property to the investor, whether or not the property is paid for.
- a. A pitched roof with sloping sides.
  - b. The appraisal principle which maintains that the value of any component of a property depends on how much it contributes or detracts to or from the value of the whole property.
  - c. The molding running along the bottom of a wall where it meets the floor to cover any gap between the wall and the floor.
  - d. A comprehensive plan to guide the long-term development of an area which usually incorporates various types of zoning.
- a. Any wall that supports vertical load in addition to its own weight.
  - b. The highest price in terms of money that a buyer will pay and a seller will accept in an open competitive market.
  - c. A two-sided pitched roof with each side having two slopes, a steep lower slope and a flatter upper slope.
  - d. The use of real property that does not conform to the zoning in the area.

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- a. The interest of the owner of real property, usually the market value of the asset minus any value of the asset minus any debts against it.
- b. A loan where the rate may vary periodically throughout the term of the loan, based on a pre-selected index.
- c. The purchase of a capital asset that has the potential for profit.
- d. A person to whom money is owed; the lender.
- a. A roof or exterior wall-covering material which is applied in overlapping layers.
- b. Title which can be insured by a title insurance company.
- c. Property accepted as security for a loan or other obligation.
- d. The difference between the accelerated depreciation taken on a capital asset and what would have been the straight-line depreciation; it is taxable based upon the holding period of the asset.
- b. Also known as “area preference.” The physical location of a property, or the preference by people for a particular location.
- b. A strip of land that separates one type of land use from another, usually, two incompatible uses, such as a landscaped park between a residentially zoned area and an industrially zoned area.