Real Estate & Finance Glossary

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Affordable Housing & Government

30/60/80 AMI
Common affordable housing income tiers used for unit set-asides.

Area Median Income (AMI)
The midpoint income for a metropolitan area, used to qualify affordable housing programs.

CDFI
Community Development Financial Institution — a specialized lender serving underserved communities.

Compliance Period
The years a LIHTC property must maintain affordability — typically 15+15.

ELI
Extremely Low Income — households earning under 30% of AMI.

Fair Housing Act
Federal law prohibiting housing discrimination based on protected classes.

HOME Program
A federal block-grant program funding state and local affordable housing efforts.

HUD
U.S. Department of Housing and Urban Development — the federal agency for housing policy.

Inclusionary Zoning
A local rule requiring developers to include affordable units in new projects.

LIHTC
Low-Income Housing Tax Credit — a federal program incentivizing affordable rental development.

Mixed-Income Development
A property combining market-rate units with subsidized affordable units.

Naturally Occurring Affordable Housing (NOAH)
Older market-rate housing that's affordable without subsidies.

Project-Based Voucher
A Section 8 voucher attached to a specific unit rather than to a household.

Section 8
A federal housing-choice voucher program that subsidizes rent for low-income tenants.

VLI
Very Low Income — households earning 30-50% of AMI.

Workforce Housing
Housing affordable to households earning 60-120% of area median income.

Appraisal & Valuation

Adjustment
Dollar additions or subtractions to comparable sale prices to account for differences.

AMC
Appraisal Management Company — a third party that orders and reviews appraisals for lenders.

Appraisal
A professional estimate of a property's market value.

Appraisal Gap
The difference between an offer price and a lower appraised value.

Assessment
The dollar value placed on a property by a local government for tax purposes.

Broker's Price Opinion (BPO)
A broker's estimate of value, less formal than a full appraisal.

Comparable Sale (Comp)
A recently sold property similar in size, location, and condition used for valuation.

Comparative Market Analysis (CMA)
An agent's report comparing recent sales to estimate a listing or offer price.

Cost Approach
A valuation method estimating the cost to rebuild less depreciation, plus land value.

Days on Market (DOM)
The number of days a listing remains active before going under contract.

Desktop Appraisal
An appraisal conducted entirely from existing data and photos, no site visit.

Drive-By Appraisal
An exterior-only appraisal, used for some refinances and home equity loans.

Economic Obsolescence
A decline in value caused by external factors like neighborhood decline or zoning changes.

Effective Age
An appraiser's estimate of a property's age based on its condition, not actual years.

Effective Date of Value
The date the appraised value reflects, not necessarily the inspection date.

Functional Obsolescence
A decline in value due to outdated features or poor design relative to current preferences.

GRM
Gross Rent Multiplier — sale price divided by gross annual rent, a quick valuation tool.

Highest and Best Use
The legally permissible, financially feasible use that produces the greatest value.

Income Approach
A valuation method using a property's income stream and an appropriate cap rate.

Listing-to-Sale Ratio
Sale price divided by list price — a measure of negotiation room in a market.

Paired Sales Analysis
Comparing two similar sales to isolate the value of a single feature.

Physical Depreciation
Wear and tear on a property over time.

Reconciliation
The appraiser's process of weighing multiple value indications to reach a final opinion.

Restricted Appraisal Report
A short-form appraisal for a single client with limited use.

Sales Comparison Approach
A valuation method based on prices of similar properties recently sold.

Subject Property
The property being appraised.

URAR
Uniform Residential Appraisal Report — the standard form for single-family appraisals.

USPAP
Uniform Standards of Professional Appraisal Practice — the appraisal industry's ethics framework.

Arizona Real Estate Law

A.R.S. Title 32 Chapter 20
The Arizona Revised Statutes chapter that governs real estate licensing, transactions, and disclosures.

AAR
Arizona Association of REALTORS® — provides the standard contract forms used in most AZ transactions.

AAR Counter Offer
The standard AAR form used to modify and respond to a purchase offer in Arizona.

AAR Residential Resale Purchase Contract
The most common AZ contract form for resale single-family home purchases.

Active Management Area (AMA)
Designated AZ regions with strict groundwater regulations under the 1980 Groundwater Management Act.

Adequate Water Supply Determination
Required disclosure outside Active Management Areas confirming a water supply for new subdivisions.

ADRE
Arizona Department of Real Estate — the state agency that regulates licensees and enforces real estate law.

ADRE Disciplinary Action
Penalties (fines, suspension, revocation) the ADRE Commissioner may impose for license violations.

Affidavit of Affixture
An AZ filing converting a manufactured home from personal property to real property.

Affidavit of Property Value (APV)
A document filed at AZ closings stating the sale price for assessor records.

ALTA Plain Language Closing Form
A simplified closing statement used in many Arizona transactions to make charges clear.

Arizona 20-Day Preliminary Notice
A required notice contractors must serve within 20 days to preserve mechanic's lien rights in AZ.

Arizona Anti-Deficiency Statute
A.R.S. §§ 33-729 & 33-814 protecting homeowners on 1-2 unit residential property up to 2.5 acres from deficiency judgments.

Arizona Condominium Act
A.R.S. Title 33 Chapter 9 — governs condominium creation, governance, and disclosures in AZ.

Arizona Conveyance Tax
Arizona does NOT impose a state transfer tax on real estate conveyances — a buyer-friendly feature.

Arizona Deed of Trust
The primary security instrument used in AZ home loans, with a trustee holding bare title.

Arizona HOA Open Meeting Law
A.R.S. § 33-1804 / § 33-1248 — requires planned community and condo associations to hold open board meetings.

Arizona Homestead Exemption
A.R.S. § 33-1101 — protects up to $400,000 of equity in a primary residence from most creditors.

Arizona Lien Priority
First-recorded liens generally have priority in Arizona, with some statutory exceptions for taxes and mechanics liens.

Arizona Lis Pendens Statute
A.R.S. § 12-1191 et seq. — governs the recording of notices of pending real estate lawsuits.

Arizona Mobile Home Parks Residential Landlord Tenant Act
A.R.S. Title 33 Chapter 11 — governs landlord-tenant rules in AZ mobile home parks.

Arizona Public Report
A required ADRE disclosure document for subdivided land of 6+ lots — buyers must receive it before closing.

Arizona Quiet Title Action
A lawsuit under A.R.S. § 12-1101 et seq. to resolve title disputes or clear defects.

Arizona Real Estate Recovery Fund
A consumer protection fund (A.R.S. § 32-2186) compensating victims of licensee fraud or misconduct.

Arizona Residential Landlord Tenant Act (ARLTA)
A.R.S. Title 33 Chapter 10 — the law governing most residential rentals in Arizona.

Arizona Solar Easement
A recorded agreement protecting access to sunlight, recognized by A.R.S. § 33-439.

Arizona Trustee Sale
A non-judicial foreclosure under a deed of trust, the dominant foreclosure path in Arizona.

AZ Assured Water Supply Designation
Required certification in Active Management Areas that a 100-year water supply exists for new subdivisions.

AZ Form 200 (Counter Offer)
Standard AAR counter offer form used to modify and respond to offers in Arizona residential transactions.

AZ Special Detainer Action
The Arizona name for the eviction lawsuit filed in Justice Court after notice has expired.

Beneficiary Deed (AZ)
A.R.S. § 33-405 — an AZ deed that transfers property at death without probate, revocable during life.

BINSR
Buyer's Inspection Notice and Seller's Response — the AZ form used to negotiate repairs after inspection.

Branch Manager (AZ)
A self-employed broker designated to supervise a brokerage's branch office in Arizona.

Broker Trust Account
An AZ-required separate account holding earnest money and client funds, audited by ADRE.

Cancellation Notice (AAR)
The standard AAR form for canceling a residential purchase contract per its terms.

Commissioner's Rules
Administrative regulations adopted by the ADRE Commissioner governing real estate practice in Arizona.

Community Facilities District (CFD-AZ)
An Arizona special taxing district financing infrastructure for a new development.

Community Property (AZ)
Property acquired during marriage in Arizona, presumed jointly owned by both spouses.

Community Property with Right of Survivorship (CPWROS)
An Arizona vesting that combines community property tax benefits with automatic survivorship.

Designated Broker (AZ)
The single broker legally responsible for an Arizona brokerage's compliance and supervision.

Disclaimer Deed
An AZ deed where a non-titled spouse formally disclaims any community-property interest.

Domestic Well (Exempt Well)
A small AZ well pumping under 35 GPM, exempt from most groundwater permitting.

Five-Day Health & Safety Notice
An AZ notice for material health and safety violations by a tenant.

Five-Day Notice
An AZ landlord's notice for nonpayment of rent under ARLTA before eviction may proceed.

HOA Resale Disclosure (AZ)
Documents an Arizona HOA must furnish to the seller of a unit before closing.

Loan Status Update (LSU)
An AAR form used in Arizona to update the seller on the buyer's loan progress.

Mechanic's Lien (Arizona)
A.R.S. § 33-981 et seq. — contractors and suppliers can lien property for unpaid work in Arizona.

Mello-Roos (Not Arizona)
A California-only special district financing — not used in Arizona but sometimes confused with CFDs.

Notice of Trustee Sale (AZ)
The recorded notice that begins Arizona's 90-day non-judicial foreclosure timeline.

Planned Community Act (AZ)
A.R.S. Title 33 Chapter 16 — governs Arizona planned communities and their HOAs.

Sole and Separate Property
An AZ vesting for property owned individually, often acquired before marriage or by gift.

SPDS
Seller's Property Disclosure Statement — an AZ form where the seller discloses known material facts about the property.

Subdivision Public Report
The ADRE-issued report disclosing key facts about a subdivision, given to AZ buyers.

Ten-Day Notice (Cure)
An AZ notice giving a tenant 10 days to cure a non-rent lease violation.

Well Share Agreement
A recorded AZ document outlining joint rights and costs for properties sharing a domestic well.

Brokerage & Agency

Agency Disclosure
Written notice required by most states explaining which party an agent represents.

Broker
A licensed professional who can supervise other agents and run an independent brokerage.

Buyer's Agency Agreement
A contract formalizing the relationship between a buyer and their agent.

Buyer's Agent
A real estate professional representing the buyer in a transaction.

Commission
Compensation paid to brokers, typically a percentage of the sale price.

Commission Split
How brokerage commission is divided between the broker and the agent.

Cooperating Broker
A broker who represents the buyer and shares commission with the listing broker.

Cooperating Commission
The portion of commission offered to the buyer's broker by the listing broker.

Designated Agency
Different agents within one brokerage representing buyer and seller separately.

Dual Agency
When one agent or brokerage represents both buyer and seller in the same transaction.

Exclusive Right to Sell
The most common listing agreement, paying the broker regardless of who finds the buyer.

Fiduciary Duty
An agent's legal obligation to act in their client's best interest with loyalty and care.

Listing Agreement
A contract authorizing a broker to market and sell a property.

Listing Broker
The broker who represents the seller in a transaction.

Lockbox
A secure device holding a property key, accessible only to authorized agents.

Managing Broker
The licensed broker responsible for supervising an office and its agents.

MLS
Multiple Listing Service — a database of property listings shared among real estate professionals.

Net Listing
A listing where the broker keeps anything above an agreed seller's net — often illegal or restricted.

Open House
A scheduled time when a listed property is open for unscheduled buyer visits.

Open Listing
A non-exclusive listing where any agent who finds a buyer earns commission.

Pocket Listing
A property marketed privately within a brokerage rather than placed in the MLS.

Procuring Cause
The agent whose efforts directly led to a buyer's purchase — entitled to commission.

REALTOR®
A real estate licensee who is a member of the National Association of REALTORS®.

Referral Fee
Commission paid to another agent for referring a client.

Showing
A scheduled appointment to view a property with a real estate professional.

Sponsoring Broker
The broker under whom a salesperson's license is held.

Transaction Broker
A neutral agent facilitating a deal without representing either party as a fiduciary.

Business Finance

Accounts Payable (AP)
Money a business owes to its suppliers for goods or services received.

Accounts Receivable (AR)
Money owed to a business by its customers for goods or services delivered.

Accrual Accounting
Recording revenue and expenses when earned/incurred, not when cash moves.

Amortization Schedule
A timeline allocating intangible asset costs (or loan repayment) over time.

Balance Sheet
A snapshot of a company's assets, liabilities, and equity at a point in time.

Burn Rate
The rate at which a company spends cash, often used in startups.

Business Valuation
Determining a company's fair market value using income, market, or asset approaches.

Cap Table Dilution
Reduction in existing owners' percentage stake when new equity is issued.

Capital Lease
A lease treated as an asset purchase with associated debt on the balance sheet.

Cash Accounting
Recording revenue and expenses only when cash changes hands.

Cash Conversion Cycle
Days inventory + DSO - DPO; how long cash is tied up in operations.

Cash Flow Statement
A financial report showing cash inflows and outflows from operations, investing, and financing.

Convertible Debt
Loans that can convert into equity under specific conditions.

Current Ratio
Current assets divided by current liabilities — a measure of short-term liquidity.

Debt-to-Equity Ratio
Total debt divided by shareholders' equity, showing leverage.

Depreciation Schedule
A timeline allocating an asset's cost across its useful life for tax purposes.

DPO
Days Payables Outstanding — average days to pay suppliers.

DSO
Days Sales Outstanding — average days to collect receivables.

EBITDA
Earnings Before Interest, Taxes, Depreciation, and Amortization — a profitability measure.

Factoring
Selling accounts receivable to a third party at a discount for immediate cash.

Goodwill
An intangible asset reflecting a business's value beyond identifiable assets.

Gross Profit Margin
Gross profit as a percentage of revenue — a basic profitability measure.

Income Statement
A financial report showing revenues, expenses, and profit over a period.

Inventory Turnover
Cost of goods sold divided by average inventory — measures how fast inventory sells.

Net Profit Margin
Net income as a percentage of revenue.

Operating Lease
A lease treated as a rental expense, off-balance-sheet under old standards.

Operating Margin
Operating income divided by revenue, showing core business profitability.

Post-Money Valuation
A company's value immediately after a new investment round closes.

Pre-Money Valuation
A company's value before a new investment round closes.

Quick Ratio
Liquid assets (excluding inventory) divided by current liabilities.

Revenue Recognition
Accounting principles for when and how revenue is recorded.

Runway
The number of months a business can operate at its current burn rate before running out of cash.

Working Capital
Current assets minus current liabilities — a measure of short-term liquidity.

Working Capital Loan
Short-term financing for everyday operating expenses.

Business Lines of Credit

Advance Rate
The percentage of eligible collateral a lender will advance against, e.g., 80% on AR.

Annual Renewal
The yearly review of a line of credit, with possible terms changes.

Asset-Based LOC
A line of credit secured by accounts receivable and inventory, common for growing businesses.

Borrowing Base
Eligible collateral value (receivables + inventory) determining LOC availability.

Cleanup Requirement
A LOC provision requiring the balance to reach zero for a period each year.

Covenant Compliance
Adherence to financial ratios and reporting required by a credit agreement.

Credit Limit
The maximum amount available to borrow under a line of credit.

Credit Utilization
The percentage of available credit currently in use.

Demand Line of Credit
A line of credit that can be called for repayment at any time.

Draw Period
The window during which a borrower can pull funds from a line of credit.

Line of Credit (LOC)
A revolving loan with a set limit, drawable and repayable as needed.

Personal Guarantor
An individual pledging personal assets to secure a business line of credit.

Repayment Period
The phase after the draw period when the borrower must pay down the outstanding balance.

Revolving Credit
Credit that can be reused as it's repaid, like a credit card or LOC.

Secured Line of Credit
A line of credit backed by collateral such as real estate or inventory.

Stand-By LOC
A line of credit that guarantees payment to a beneficiary if the principal defaults.

Unsecured Line of Credit
A line of credit not backed by collateral, typically requiring strong credit.

Capital Structure & Equity

Accredited Investor
An investor meeting SEC income or net-worth thresholds, allowed to participate in private offerings.

Capital Call
A formal request to investors to fund a previously committed amount.

Capital Stack
The layered structure of debt and equity used to finance a real estate deal.

Carried Interest
The share of profits paid to a fund manager, typically taxed at favorable capital-gains rates.

Catch-Up
A waterfall provision that allows the sponsor to receive a higher share until parity with the LPs.

Clawback
A provision requiring the sponsor to return prior profits if final returns fall below targets.

Closed-End Fund
A fund with a fixed pool of capital raised once and returned to investors over time.

Common Equity
Ownership stake last in line for distributions but with unlimited upside.

Distributions in Kind
Paying investors in assets (often property) instead of cash.

DPI
Distributions to Paid-In capital — total cash returned to investors divided by total invested.

Drag-Along Right
A provision letting majority investors force minority owners to join in a sale.

Equity Bridge
Short-term financing used by sponsors before calling LP capital.

Equity Multiple
Total cash distributions divided by total equity invested over the life of an investment.

Fund of Funds (FoF)
An investment vehicle that invests in multiple real estate funds for diversification.

General Partner (GP)
The active managing partner in a partnership with full liability and operational control.

Hold Period
The expected length of time investors keep their capital in a deal before exit.

Hurdle (Multiple)
A specified equity multiple a deal must exceed before the sponsor earns the next promote tier.

Investor Pro Rata
Investors investing in proportion to their existing ownership share.

J-Curve
The early dip in fund returns before assets mature and produce gains.

Joint Venture (JV)
A business arrangement where two or more parties pool resources for a specific project.

Limited Partner (LP)
A passive investor in a partnership with liability limited to their investment.

Open-End Fund
A fund that continuously accepts new investors and allows periodic redemptions.

Pari Passu
Latin for "on equal footing" — investors share in distributions proportionately.

Preferred Equity
An equity position with priority returns over common equity but below debt in the capital stack.

Preferred Return
A minimum annual return investors receive before the sponsor shares in profits.

Promote
The disproportionate share of profits paid to the sponsor above a preferred return.

Refi Event
A property refinance returning capital to investors during the hold period.

Reg D 506(b)
An SEC exemption allowing private offerings to accredited and limited non-accredited investors without general solicitation.

Reg D 506(c)
An SEC exemption permitting general solicitation, but limited to accredited investors only.

RVPI
Residual Value to Paid-In — remaining unrealized value over invested capital.

Senior Debt
The first lien on a property — highest priority for repayment in default.

Side Letter
A private agreement between a fund and individual investors granting special terms.

Sponsor
The operating partner who finds, acquires, and manages a real estate investment.

Sponsor Co-Invest
Capital the sponsor invests alongside LPs to align interests.

Subordinate Debt
Any debt paid only after senior debt is satisfied in default or sale.

Syndication
Pooling capital from multiple investors to acquire larger properties together.

Tag-Along Right
A minority owner's right to join a sale initiated by majority owners on the same terms.

TVPI
Total Value to Paid-In capital — distributions plus residual value divided by invested capital.

Vintage Year
The year a private fund first deployed capital — used to benchmark performance.

Waterfall
The order in which distributions flow to debt, preferred equity, common equity, and the sponsor.

Closing & Transactions

Addendum
An add-on document modifying or supplementing a real estate contract.

Affidavit
A sworn written statement, often used to confirm title matters at closing.

As-Is Sale
A sale where the seller will not make repairs and the buyer accepts the property in its current condition.

Backup Offer
An offer accepted as second priority in case the primary contract falls through.

Bill of Sale
A document transferring ownership of personal property included with the real estate sale.

Closing
The final step of a real estate transaction when title transfers and funds change hands.

Closing Costs
Fees paid at closing, typically 2-5% of the purchase price, covering title, lender, escrow, and recording.

Closing Disclosure (CD)
A federally required form detailing final loan terms and closing costs, delivered at least 3 days before closing.

Closing Statement
Final accounting of who pays what at closing — replaced by the Closing Disclosure for most loans.

Contingency
A condition that must be met before a contract becomes binding (inspection, financing, appraisal).

Counteroffer
A new offer made in response to a previous one, rejecting the original terms.

Deed
The legal document that transfers ownership of real property from one party to another.

Disclosure Statement
A seller's written statement about a property's known defects and history.

Dry Settlement
Documents are signed but funds disburse a few days later, common in some western states.

E-Closing
Real estate closings conducted fully or partly digitally with electronic signatures.

Earnest Money
A buyer's good-faith deposit, held in escrow and credited toward closing costs.

Escrow
A neutral third party that holds funds and documents until contract conditions are met.

Escrow Account
A separate account a lender uses to collect and disburse taxes and insurance.

Escrow Holdback
Funds withheld at closing to cover anticipated repairs or contingencies.

Escrow Officer
The neutral professional managing escrow for a real estate closing.

Final Walkthrough
Last buyer inspection of the property before closing to confirm condition.

Grant Deed
A deed conveying ownership with a limited warranty against prior conveyances and undisclosed encumbrances.

Loan Estimate (LE)
A standardized 3-page form from a lender estimating loan terms and closing costs.

Mobile Notary
A notary who travels to the signer's location, common for remote real estate closings.

Mortgage Recording Tax
A state tax on new mortgages, common in NY and a few other states.

Notary Public
An official authorized to witness signatures on legal documents.

Option Period
A negotiated window allowing the buyer to back out without losing earnest money.

Possession at Funding
Buyer takes possession when the loan funds — typical same-day closings.

Possession at Recording
Buyer takes possession when the deed records — common in some western states.

Possession Date
The date when the buyer takes physical possession of the property — sometimes different from closing.

Power of Attorney (Closing)
A document allowing another to sign closing paperwork on behalf of an absent party.

Proration
The division of property taxes, HOA dues, or rents between buyer and seller at closing.

Purchase and Sale Agreement (PSA)
The binding contract between buyer and seller of real estate.

Quitclaim Deed
A deed that transfers whatever interest the grantor has without any warranty of title.

Recording
The act of filing real estate documents with a local government office to give public notice.

Recording Fee
The fee paid to a county recorder to file deeds and mortgages.

Rent-Back
An arrangement where the seller leases the property from the buyer after closing.

RON
Remote Online Notarization — notarial acts performed via secure video, legal in many states.

Settlement Agent
The neutral party (attorney, escrow officer, title agent) coordinating closing.

Settlement Date
The date funds and title transfer at closing.

Settlement Statement
An itemized summary of charges and credits for buyer and seller at closing.

Title Commitment
A title company's promise to issue a title insurance policy under specified conditions.

Transfer Tax
A state or local tax on property sales, often a percentage of price.

Walkthrough
The buyer's final inspection of a property, typically within 24-48 hours of closing.

Warranty Deed
A deed in which the seller guarantees clear title and defends against future claims.

Wet Settlement
Loan funds are disbursed at closing, same day as document signing.

Wire Transfer
The electronic movement of funds between banks, commonly used to pay closing costs.

Commercial Leasing

Absolute NNN
A lease where the tenant is responsible for absolutely all costs including structural repairs.

Anchor Tenant
The largest tenant in a retail center, often a national brand drawing customer traffic.

Build-to-Suit
A property constructed to a tenant's specifications under a pre-arranged lease.

Co-Tenancy Clause
A retail lease term that adjusts rent if anchor tenants leave or occupancy drops.

Cold Shell
A leased space with bare floors, ceilings, and walls — no MEP systems installed.

Effective Rent
Average rent over the lease term, accounting for free rent and concessions.

Estoppel Certificate
A tenant statement confirming lease terms and any defaults, used in sales or financing.

Face Rent
The stated rent in a lease before deductions or concessions.

Free Rent
Months at the start of a lease where no rent is owed, used as an incentive.

Gross Up Provision
A lease clause that adjusts expense reimbursements as if the building were fully occupied.

Letter of Intent (LOI)
A non-binding outline of major lease terms before drafting a full lease.

Operating Expense Pass-Through
Operating costs (taxes, insurance, CAM) charged back to tenants under net leases.

OPEX Cap
A lease provision limiting how much operating expenses can rise year-over-year for the tenant.

Pass-Through Expenses
Operating costs the landlord bills back to tenants under net or modified-gross leases.

Rentable vs. Usable Square Feet
Rentable includes a share of common areas; usable is only the tenant's space.

Right of First Offer (ROFO)
A right requiring the owner to offer space to a party before listing it publicly.

Right of First Refusal (ROFR)
A right giving a party first chance to buy or lease before the owner offers to others.

Sale-Leaseback
A transaction where the owner sells a property and leases it back from the buyer.

SNDA
Subordination, Non-Disturbance, and Attornment Agreement — protects tenant rights if a lender takes over.

Tenant Allowance
Money a landlord provides for tenant build-out, separate from TI.

TI Buildout
The construction work to prepare a leased commercial space for tenant occupancy.

Triple Net Plus Roof
A NNN lease where the tenant is responsible for roof maintenance as well.

Turn-Key Buildout
Landlord delivers space fully built out to tenant specifications before move-in.

Warm Shell
A leased space with MEP systems installed but no interior finishes.

Construction & Development

Adaptive Reuse
Converting an existing building to a new use — e.g., warehouse to lofts.

Bidding
The process by which contractors submit price proposals for a defined scope of work.

Brownfield Site
Land previously developed and possibly contaminated, often requiring remediation.

Certificate of Occupancy (CO)
A local government document certifying a building is safe and ready for occupancy.

Change Order
A modification to the original construction contract, often with cost and schedule impacts.

Construction Loan
Short-term financing used to build a structure, typically converted to a permanent loan upon completion.

Cost-Plus Contract
Contractor is paid actual costs plus a markup or fee.

Critical Path
The longest sequence of tasks that determines a project's minimum duration.

Design Development (DD)
Mid-stage drawings refining materials, systems, and details.

Entitlements
Government approvals (zoning, permits, density) that grant the right to develop a property.

Feasibility Study
An analysis determining whether a proposed development is financially and physically viable.

General Contractor (GC)
The lead contractor responsible for overseeing a construction project's day-to-day execution.

GMP Contract
Guaranteed Maximum Price — contractor caps total cost regardless of overruns.

Greenfield Development
Building on undeveloped land that has not previously been built upon.

Hard Costs
Tangible construction expenses such as materials, labor, and site work.

Hard Hat Tour
A construction site walkthrough for investors or buyers during the build.

Highest and Best Use Analysis
Evaluating which legal use of a site would generate the greatest value.

Horizontal Construction
Site work — grading, utilities, roads — preparing land for vertical construction.

Land Banking
Holding land for future development or appreciation rather than current use.

Liquidated Damages
Pre-agreed daily fees the contractor pays if a project finishes late.

Lump-Sum Contract
A construction contract with a fixed price for a defined scope.

Mechanic's Lien
A claim against property by contractors or suppliers for unpaid work.

Owner's Representative
A consultant managing a construction project on behalf of the property owner.

Payment Bond
A surety bond guaranteeing the contractor pays subcontractors and suppliers.

Performance Bond
A surety bond guaranteeing the contractor finishes the project as agreed.

Pre-Development
The phase of a project covering planning, design, entitlements, and financing setup.

Pro Forma
A projection of a property's future income, expenses, and cash flows.

Pro Forma Income Statement
A projected operating statement showing expected revenue and expenses post-construction.

Punch List
A final list of small items to be completed or corrected before closeout.

Punch List Walk
A pre-closing inspection identifying remaining items to be completed.

Retainage
A portion of contractor payments withheld until project completion to ensure performance.

RFP
Request for Proposal — invites contractors or design firms to bid on a project.

RFQ
Request for Qualifications — solicits qualifications before formal proposals.

Schematic Design (SD)
Early-stage architectural drawings showing the basic concept of a project.

Site Plan
A scaled drawing showing how buildings, parking, and landscaping will be arranged on a parcel.

Soft Costs
Indirect development expenses such as design, permits, legal fees, and financing costs.

Specifications (Specs)
Detailed written descriptions of materials and quality standards in a project.

Stabilization
The point when a newly built or repositioned property reaches steady-state occupancy and income.

Stop Notice
A subcontractor's claim against project funds for unpaid work, separate from a lien.

Subcontractor
A specialty contractor (electrical, plumbing, etc.) hired by the general contractor.

Substantial Completion
The point at which a project is sufficiently complete to be used for its intended purpose.

Surety Bond
A contractor's guarantee of project completion, backed by a third-party insurer.

Time and Materials
Contractor billed for time worked plus materials at cost or markup.

Vertical Construction
The actual building phase of construction — framing through finish work.

Finance & Returns

Annualized Return
Investment return expressed as an annual rate, smoothing multi-year periods.

Beta
A measure of an investment's volatility relative to the broader market.

Break-Even Ratio
Operating expenses plus debt service divided by gross income, the point at which a property covers its costs.

Cap Rate
Net operating income divided by purchase price — a basic measure of unleveraged yield.

Cash Flow
The net amount of cash moving in and out of a property, after operating expenses and debt service.

Cash-on-Cash Return
Annual pre-tax cash flow divided by total cash invested.

Cumulative Return
Total return over an entire holding period without annualizing.

Discount Rate
The interest rate used to discount future cash flows to present value.

Discounted Cash Flow (DCF)
A valuation technique using projected cash flows discounted to present value.

Distributable Cash
Cash available to pay investors after debt service and reserves.

Distribution Frequency
How often (monthly, quarterly, annually) investors receive cash distributions.

Effective Gross Income (EGI)
Gross potential income minus vacancy and credit losses, plus other income.

Exit Cap Rate
The cap rate assumed at sale, used to estimate terminal value in projections.

Free Cash Flow
Cash from operations minus capital expenditures — the cash truly available.

Going-In Cap Rate
The cap rate at acquisition, based on Year 1 NOI and purchase price.

Hurdle Rate
The minimum acceptable rate of return for an investment to proceed.

Internal Rate of Return (IRR)
The annualized return that makes the net present value of all cash flows zero.

Levered Cash-on-Cash
Annual cash flow after debt service divided by equity invested.

Levered IRR
The IRR of an investment using debt financing, which can amplify returns and risk.

Levered Yield on Cost
Stabilized NOI minus debt service divided by equity invested.

Modified IRR (MIRR)
An IRR variant assuming a more realistic reinvestment rate for interim cash flows.

Net Operating Income (NOI)
Gross income minus operating expenses, excluding debt service and capital expenditures.

Net Present Value (NPV)
The present value of future cash flows minus the initial investment.

Net Yield
Income after expenses divided by purchase price, expressed as a percentage.

Operating Expense Ratio (OER)
Operating expenses divided by gross income, expressed as a percentage.

Payback Period
The time required to recover the initial investment from cash flows.

Real vs. Nominal Return
Real return is inflation-adjusted; nominal is the stated return.

Risk Premium
Extra return above the risk-free rate to compensate for additional risk.

Risk-Free Rate
The theoretical return on a no-risk investment, typically the 10-year Treasury yield.

Sensitivity Analysis
Modeling how changes in key assumptions affect investment outcomes.

Sharpe Ratio
A measure of risk-adjusted return — excess return divided by volatility.

Standard Deviation
A statistical measure of how much returns vary from their average — a common volatility proxy.

Terminal Value
The estimated value of a property at the end of a holding period in a DCF model.

Time Value of Money
The concept that money available today is worth more than the same amount in the future.

Unlevered IRR
The IRR of an investment without using debt — useful for comparing assets independent of capital structure.

Yield on Cost
Projected stabilized NOI divided by total project cost, useful for value-add and development deals.

Yield Spread
The difference between an investment's yield and a benchmark like Treasuries.

Foreclosure & Distressed

Acceleration
A lender's demand for the entire loan balance after default, kicking off foreclosure.

Cash for Keys
A lender's offer to pay a defaulting owner or tenant to vacate cooperatively.

Deed in Lieu
A voluntary transfer of property to the lender to avoid foreclosure.

Deficiency Judgment
A court order making a borrower personally liable for the loan balance after foreclosure sale.

Equity of Redemption
The borrower's right to cure default before foreclosure sale.

Foreclosure
The legal process by which a lender takes ownership of a property after the borrower defaults.

Judicial Foreclosure
A court-supervised foreclosure required in some states.

Lender Owned
Another term for REO property — owned by the lender after foreclosure.

Loss Mitigation
Lender programs aimed at avoiding foreclosure through modification, forbearance, or short sale.

Mortgagee in Possession
A lender that takes physical control of a property before formal foreclosure.

Non-Judicial Foreclosure
A foreclosure done outside court using a power-of-sale clause in the trust deed.

Notice of Default (NOD)
A public filing notifying a borrower of loan default and starting the foreclosure clock.

Power of Sale
A clause in trust deeds allowing non-judicial foreclosure without court involvement.

Pre-Foreclosure
The period between default and foreclosure sale, when the owner may still sell or cure.

Receiver
A court-appointed neutral party who manages a distressed property during litigation.

Redemption Period
A statutory window after foreclosure when the borrower may reclaim the property by paying the debt.

Reinstatement
Curing a default by paying past-due amounts plus fees to stop foreclosure.

REO Property
Real Estate Owned — property the lender took back after an unsuccessful foreclosure auction.

Right of Redemption
The borrower's statutory ability to redeem the property after foreclosure by paying the debt.

Short Sale
A sale where the lender agrees to accept less than the loan balance to release the lien.

Statutory Redemption
Redemption rights provided by state law after a foreclosure sale.

Strict Foreclosure
A type of foreclosure in some states where the property goes directly to the lender without auction.

Surplus Funds
Money left over after a foreclosure sale satisfies the loan, owed to the former owner.

Trustee Sale
A public auction of foreclosed property conducted by a trustee.

Insurance & Risk

Actual Cash Value (ACV)
Replacement cost minus depreciation — what the property is worth today.

All-Risk Policy
Insurance covering all risks except those specifically excluded.

Builder's Risk Insurance
Coverage protecting a structure under construction from damage.

Builders Risk Course of Construction
Coverage during the construction period for materials and work in progress.

Captive Insurance
Self-insurance through a subsidiary insurance company owned by the insured.

Coinsurance Penalty
A reduction in claim payment when a property is insured for less than its required percentage of value.

Crime Insurance
Coverage for theft, fraud, or employee dishonesty.

Cyber Liability
Insurance for data breaches and cyberattacks, increasingly required by lenders.

D&O Insurance
Directors and Officers insurance protecting executives from personal liability claims.

Deductible
The amount the policyholder pays out of pocket before insurance coverage kicks in.

Earthquake Insurance
Specialty coverage for earthquake damage, typically a separate policy.

Endorsement
An amendment to an insurance policy adding or modifying coverage.

Errors and Omissions (E&O)
Professional liability insurance for real estate agents, brokers, and other service providers.

Flood Insurance
A separate policy covering damage from flooding, required in FEMA-designated flood zones.

General Liability Insurance
Protects property owners from third-party bodily injury and property damage claims.

Homeowner's Insurance
Coverage protecting a home and personal property against losses from fire, theft, and liability.

Inland Marine Insurance
Coverage for portable property and tools, often used by contractors.

Landlord Insurance
Coverage for rental property owners, including liability and loss of rental income.

Loss Run
An insurance carrier report showing a property's claims history.

Loss-of-Rent Insurance
Coverage replacing rental income when a property is uninhabitable due to a covered loss.

Named Peril Policy
Insurance covering only specific risks listed in the policy.

Replacement Cost
The amount it would take to rebuild a structure with similar materials at current prices.

Rider
Another term for endorsement — a written attachment changing policy terms.

Sinkhole Insurance
Coverage for damage from collapsed land, common in Florida.

Title Insurance (Owner's Policy)
Protects the buyer against losses from defects in title that existed before purchase.

Umbrella Policy
Excess liability coverage above the limits of underlying property or auto policies.

Vacant Property Insurance
Specialty coverage for unoccupied properties, often more expensive.

Windstorm Insurance
Coverage for hurricane and tornado damage, often a separate policy in coastal states.

Workers' Compensation
Insurance covering medical costs and lost wages for employees injured on the job.

Investment Strategies

1% Rule
A screening guideline: monthly rent should equal at least 1% of purchase price for rentals.

Asset Class Diversification
Holding different property types (multifamily, industrial, retail) to balance returns.

BRRRR
Buy, Rehab, Rent, Refinance, Repeat — a strategy to recycle capital across multiple rentals.

Buy and Hold
Acquiring property to hold long term for rental income and appreciation.

Buy, Borrow, Die
A tax strategy of holding appreciating assets, borrowing against them, and passing them on with stepped-up basis.

Cash Sweep
A provision directing excess cash flow to debt paydown or investor distributions.

Core Investment
A high-quality, fully leased asset in a strong market — lowest risk, lowest expected return.

Fix and Flip
Buying distressed property, renovating, and reselling quickly for a profit.

Forced Appreciation
Increasing a property's value through improvements or operational gains, not market growth.

Geographic Diversification
Spreading investments across different markets to reduce concentration risk.

House Hacking
Living in part of a multi-unit property while renting out the rest to offset costs.

Land Flipping
Buying raw land below market value and reselling at a markup.

Lazy 1031
Offsetting capital gains with cost-segregation losses on a new property instead of doing a formal 1031.

Lease Option
A lease that gives the tenant the right to purchase the property at a set price during the lease.

Live-In Flip
Living in a renovating property as a primary residence to qualify for the Section 121 exclusion on sale.

Mid-Term Furnished Rental
30-90 day furnished rentals targeting traveling professionals and insurance placements.

Mid-Term Rental (MTR)
Rentals of 30+ days, popular with traveling professionals and relocating families.

Note Investing
Buying mortgage notes from banks or investors for the income stream.

Opportunistic Investment
High-risk strategies like ground-up development or major repositioning targeting high returns.

Owner Financing
Seller acts as the lender, providing financing to the buyer.

Pace of Investment
How quickly an investor deploys capital across deals — a key portfolio-construction decision.

Portfolio Lender Strategy
Working with a single lender that keeps loans in-house for flexibility.

Real Estate Note Sale
Selling an existing mortgage note to another investor for immediate cash.

Refi Cashout Strategy
Pulling tax-free equity from a refinance to fund additional acquisitions.

Seller Carryback
Seller financing where the seller takes back a mortgage from the buyer.

Short-Term Rental (STR)
Renting a property on a nightly or weekly basis, often through platforms like Airbnb.

Sober Living Rental
Single-family homes operated as sober-living recovery housing with structured occupancy.

Subject-To
Buying property while leaving the seller's existing mortgage in place.

Tax Deed Investing
Purchasing properties at tax-foreclosure auctions where unpaid taxes have led to title transfer.

Tax Lien Investing
Buying property tax debt for interest and potential title claims.

Trifecta Tax Strategy
Combining cost segregation, real-estate professional status, and bonus depreciation for major write-offs.

Turnkey Rental
A fully renovated, tenanted, and managed property purchased for passive income.

Value-Add Investment
A property with upside through renovation, repositioning, or operational improvement.

Wholesaling
Contracting to buy a property then assigning the contract to another buyer for a fee.

Leasing & Operations

Assignment
Transferring lease obligations to a new tenant who steps fully into the original tenant's place.

Base Year
The reference year for measuring future operating expense increases in a lease.

Cancellation Option
A tenant's right to terminate the lease early, usually with notice and a fee.

Common Area Maintenance (CAM)
Charges paid by tenants for upkeep of shared areas in commercial properties.

CPI-Adjusted Rent
Rent increases tied to the Consumer Price Index inflation measure.

Escalation Clause
A lease provision that increases rent annually based on a formula or index.

Exclusive Use
A retail lease provision preventing the landlord from leasing nearby space to direct competitors.

Force Majeure
A clause excusing performance due to events like natural disasters or pandemics.

Free Rent Period
A concession giving the tenant rent-free occupancy at the start of a lease.

Gross Lease
A lease where the landlord pays all operating expenses out of the rent collected.

Hold Harmless Clause
A lease provision releasing one party from liability for certain claims.

Holdover Tenant
A tenant who remains in possession after the lease has expired.

Indemnification
A contractual promise to compensate another party for specified losses.

Lease Abstract
A one-page summary of key lease terms — useful for property management.

Lease Buyout
A payment to a tenant to terminate a lease early.

Lease Commencement
The date a tenant officially begins paying rent and occupying space.

Lease Term
The length of time a tenant is contractually obligated to occupy a property.

Lease-Up
The period of leasing newly built or renovated space until stabilization.

Marketing Fund Contribution
Tenant contributions to a center's joint marketing efforts, often in retail.

Modified Gross Lease
A hybrid lease where landlord and tenant split certain operating expenses.

Net Effective Rent (NER)
Average rent over the lease term after deducting concessions and free rent.

Net Lease
A lease where the tenant pays some operating expenses in addition to base rent.

Operating Expense Stop
A cap on the landlord's operating expenses, with the tenant paying any excess.

Operating Statement
A monthly or annual report showing a property's income, expenses, and net cash flow.

Percentage Lease
A retail lease where the tenant pays base rent plus a percentage of sales.

Renewal Option
A tenant's right to extend the lease at predetermined terms.

Rent Concession
A discount or free-rent period offered to attract tenants in soft markets.

Rent Roll
A document listing each unit, tenant, lease term, and current rent for a property.

Right to Audit
A tenant's contractual right to inspect landlord's records for pass-through expenses.

Step-Up Rent
A lease with pre-scheduled rent increases at specified intervals.

Sublease
An arrangement where the original tenant leases part or all of the space to a third party.

Tenant Improvement (TI) Allowance
A landlord's contribution toward customizing a leased space for the tenant.

Triple Net Lease (NNN)
A lease where the tenant pays property taxes, insurance, and maintenance on top of rent.

Use Clause
A lease provision specifying what activities the tenant can conduct in the space.

Vacancy Rate
The percentage of total rentable units that are unoccupied at a given time.

Legal & Title

Adverse Possession Tacking
Combining consecutive periods of adverse possession by successive owners to meet the statutory term.

ALTA
American Land Title Association — sets standards for title insurance policies and surveys.

Bargain and Sale Deed
A deed that implies the seller has title but provides no explicit warranties.

Bond for Deed
An installment land contract where the buyer takes possession but the seller retains title until paid.

Bylaws (HOA)
The rules governing operation of a homeowners or condo association.

CC&Rs
Covenants, Conditions & Restrictions — HOA rules governing a community.

Chain of Title
The historical sequence of ownership transfers for a property.

Cloud on Title
Any claim or encumbrance that may impair the marketability of a property's title.

Contract for Deed
Another name for a land contract — seller financing without immediate title transfer.

Easement Appurtenant
An easement attached to the land that transfers with ownership.

Easement by Necessity
An easement created when property would be landlocked without it.

Easement by Prescription
An easement acquired through long-term, open, hostile use.

Easement in Gross
A personal easement that doesn't transfer with property — like utility easements.

Eminent Domain
The government's right to take private property for public use, with just compensation.

Escheat
The reversion of property to the state when an owner dies without heirs or a will.

Lady Bird Deed
An enhanced life estate deed allowing the owner to retain control and avoid probate.

Land Contract
A seller-financed agreement where the buyer makes payments and gets title after full payment.

Lender's Title Policy
Title insurance protecting the lender against title defects, typically required at closing.

Lis Pendens
A public notice that a lawsuit affecting title to a property has been filed.

Marketable Title
Title free of significant defects that a reasonable buyer would accept.

Mineral Deed
A deed transferring only mineral rights, separate from surface ownership.

Power of Attorney
A legal document authorizing one person to act on another's behalf in property matters.

Promissory Note
A signed document containing the borrower's written promise to repay a loan.

Quiet Title Action
A lawsuit to resolve disputes or clear defects in a property's title.

Restrictive Covenant
A private deed restriction limiting how a property may be used.

Sheriff's Deed
A deed issued after a court-ordered sale, often following foreclosure.

Special Warranty Deed
A deed warranting only against title defects arising during the seller's ownership.

Specific Performance
A court remedy forcing a party to complete a contract rather than paying damages.

Spot Survey
A focused survey verifying specific features rather than full boundaries.

Subrogation
An insurer's right to step into the shoes of the insured to recover from a third party.

Tax Deed
A deed issued by a government after a property is sold for unpaid taxes.

Title
The legal evidence of ownership of real property.

Title Abstract
A condensed history of all recorded documents affecting a property's title.

Title Insurance
Insurance protecting buyers and lenders against losses from title defects.

Title Search
An examination of public records to confirm a property's ownership history and outstanding claims.

TODD
Transfer-on-Death Deed — a non-probate deed that takes effect only upon the owner's death.

Trust Beneficiary
A person entitled to receive property held in trust.

Trust Deed
An alternative to a mortgage in some states, transferring title to a trustee until the loan is repaid.

Mortgage Loans

Acceleration Clause
A loan provision allowing the lender to demand full repayment upon default.

Adjustable-Rate Mortgage (ARM)
A mortgage with an interest rate that changes periodically based on a benchmark index.

Amortization
The schedule of equal payments that gradually reduce the principal and interest over a loan's term.

Annual Percentage Rate (APR)
The yearly cost of a loan including interest and fees, expressed as a percentage.

Assumable Mortgage
A mortgage that a buyer can take over from the seller, often at the seller's existing rate.

Balloon Mortgage
A loan with smaller initial payments and a large final payment of the remaining balance.

Bank Statement Loan
A non-QM loan that qualifies borrowers using bank statements instead of tax returns.

Beneficiary (Trust Deed)
The lender named in a deed of trust who benefits from the security interest.

Blanket Mortgage
A single mortgage covering multiple properties.

Buydown
Prepaying interest at closing to temporarily reduce the loan rate.

Cash-Out Refinance
A refinance for more than the existing loan balance, with the difference paid in cash to the borrower.

Closing the Loan
The point at which all loan documents are signed and funds disbursed.

Conforming Loan
A mortgage that meets the size and underwriting guidelines set by Fannie Mae and Freddie Mac.

Conventional Loan
A mortgage not insured or guaranteed by a federal government agency.

Correspondent Lender
A lender that originates and funds loans then sells them to investors.

Deferment
An arrangement that moves missed payments to the end of the loan term.

DPA Program
Down Payment Assistance — government or nonprofit programs helping cover the down payment.

DSCR Loan
An investment-property loan qualified by the property's debt-service coverage ratio, not borrower income.

Due-on-Sale Clause
A loan provision requiring full repayment when the property is sold.

FHA Loan
A mortgage insured by the Federal Housing Administration with lower down-payment requirements.

Fixed-Rate Mortgage
A loan whose interest rate remains the same for the entire term.

Float-Down Option
A provision allowing the borrower to reduce the locked rate if market rates fall.

Forbearance
A temporary pause or reduction in mortgage payments granted by a lender.

Funder
The lender's representative who releases loan funds at closing once conditions are met.

HELOC
Home Equity Line of Credit — a revolving credit line secured by the equity in a home.

High-Balance Loan
A conforming loan exceeding the standard limit in high-cost areas.

Home Equity Loan
A lump-sum second mortgage secured by home equity, typically at a fixed rate.

Hybrid ARM
A loan with a fixed rate for an initial period (3, 5, 7, or 10 years) then adjusts.

Interest Rate
The percentage charged by a lender for borrowing money, expressed annually.

Interest-Only Loan
A loan where the borrower pays only interest for a period before principal payments begin.

Jumbo Loan
A mortgage that exceeds the conforming loan limits and is therefore non-conforming.

Lender Credit
Money the lender pays toward closing costs in exchange for a higher interest rate.

Loan Application (1003)
The standardized residential loan application form used industry-wide.

Loan Limit
The maximum loan amount a lender or program will fund — varies by area and loan type.

Loan Modification
A permanent change to mortgage terms (rate, term, principal) to help a struggling borrower.

Loan Officer (LO)
The licensed professional who guides borrowers through the mortgage application process.

Loan Servicing
The administration of a mortgage after origination — collecting payments, handling escrow, and reporting.

Loan Term
The length of time over which a mortgage is repaid, commonly 15, 20, or 30 years.

Lock Extension
Pushing the rate-lock expiration further out, typically for a fee.

Lock Float
Choosing not to lock a rate immediately, hoping rates improve before closing.

MIP
Mortgage Insurance Premium — required on FHA loans, often for the life of the loan.

Mortgage
A loan used to finance the purchase of real estate, secured by the property itself.

Mortgage Banker
A direct lender that originates and funds its own loans.

Mortgage Broker
An intermediary who shops multiple lenders to find a borrower the best loan.

Mortgage Credit Certificate (MCC)
A federal tax credit for qualifying low/moderate income homebuyers on a portion of mortgage interest paid.

Mortgagee
The lender holding the mortgage on a property.

Mortgagor
The borrower who pledges property as collateral under a mortgage.

Negative Amortization
When loan payments don't cover interest, causing the balance to grow over time.

Non-QM Loan
A mortgage that doesn't meet the qualified-mortgage standards — often for self-employed borrowers.

Origination Fee
A fee charged by a lender for processing a new loan application.

Per Diem Interest
Prepaid interest from the closing date through the end of the month.

Piggyback Loan
A second loan taken simultaneously with a first mortgage to avoid PMI or jumbo limits (e.g., 80/10/10).

PMI
Private Mortgage Insurance — required on conventional loans with less than 20% down.

Points
Upfront fees paid to the lender at closing; 1 point equals 1% of the loan amount, often used to buy down the rate.

Portfolio Loan
A mortgage a lender keeps on its own books rather than selling to investors.

Pre-Approval
A lender's conditional commitment to lend a specific amount based on verified credit and finances.

Pre-Qualification
An informal estimate of how much a buyer might borrow, based on stated income.

Prepayment Penalty
A fee charged for paying off a loan early — common in some commercial and subprime loans.

Principal
The original loan amount, excluding interest and fees.

Processor
The mortgage team member who assembles and verifies the loan file before underwriting.

Rate Lock
A lender's commitment to hold a specific interest rate for a set period during the loan process.

Recasting
Re-amortizing a mortgage after a large principal payment, lowering monthly payments.

Refinance
Replacing an existing mortgage with a new one, usually for better terms.

Reverse Mortgage
A loan for homeowners 62+ that converts home equity into cash without monthly payments.

Second Mortgage
Any mortgage subordinate to the first mortgage, paid only after the first in default.

Seller Credit
Money the seller agrees to pay toward the buyer's closing costs.

Streamline Refinance
A simplified refinance for FHA or VA loans with reduced documentation.

Super-Jumbo Loan
A jumbo loan exceeding typical jumbo limits, often $2M+.

Trustee (Deed of Trust)
The neutral party holding title under a trust deed until the loan is repaid.

Trustor
The borrower in a trust deed who conveys title to a trustee as security.

USDA Loan
A loan for rural homebuyers backed by the U.S. Department of Agriculture, often requiring no down payment.

VA Loan
A mortgage guaranteed by the Department of Veterans Affairs, often with zero down payment for veterans.

Warehouse Line
A short-term credit facility a mortgage banker uses to fund loans before selling them.

Wraparound Mortgage
Seller financing where the new loan wraps around an existing loan, with the seller paying it.

Mortgage Securitization

Agency MBS
Mortgage-backed securities guaranteed by Fannie Mae, Freddie Mac, or Ginnie Mae.

B-Piece Buyer
An investor purchasing the riskiest tranche of a CMBS deal, getting rights to influence underwriting.

CMBS
Commercial Mortgage-Backed Security — a bond backed by a pool of commercial mortgages.

Collateralized Loan Obligation (CLO)
A securitization pool of corporate loans, including some commercial real estate debt.

Defeasance
Substituting government securities for collateral to release the original property from a CMBS lien.

Master Servicer
The party responsible for the day-to-day administration of loans in a securitized pool.

MBS
Mortgage-Backed Security — a bond backed by a pool of mortgages.

Pari Passu Bonds
Tranches within a securitization that share losses pro rata.

Pooling and Servicing Agreement (PSA)
The contract governing a securitized mortgage pool and its participants.

Re-REMIC
A re-securitization of mortgage-backed securities into new tranches.

RMBS
Residential Mortgage-Backed Security — a bond backed by residential mortgages.

Servicer
The company that collects payments and manages a mortgage on behalf of the loan owner.

Servicing Strip
The fee paid to the servicer carved out of the loan's interest rate.

Special Servicer
A CMBS servicer handling defaulted or troubled loans.

Subordination Level
The percentage of pool losses a senior tranche can absorb before being affected.

Tranche
A slice of a securitized pool with its own risk and return profile.

Trustee (Securitization)
The entity holding the securitization pool on behalf of investors.

Yield Maintenance
A CMBS prepayment penalty making the lender whole on lost interest.

Multifamily Operations

Ancillary Income
Income beyond rent — pet fees, parking, laundry, application fees.

Bad Debt
Rent that cannot be collected, written off as a loss.

Class A/B/C Multifamily
Quality classifications based on age, amenities, and rents — A is newest, C is older.

Concession
A discount or incentive offered to attract or retain tenants, such as one month free.

Economic Vacancy
Lost income from vacancies, concessions, bad debt, and below-market rents combined.

Loss to Lease
The difference between market rent and actual rent — a measure of upside.

Mark-to-Market Rents
Adjusting current rents to current market levels at lease turnover.

Pet Rent
Monthly fee charged for residents with pets, in addition to a pet deposit.

Physical Vacancy
The percentage of units actually unoccupied at a point in time.

Pro Forma Rent
Projected market rent used to underwrite a multifamily acquisition.

Pro Forma Variance
Difference between projected and actual operating metrics in multifamily.

Renovation Premium
The rent uplift achievable on a unit after renovating to market standards.

Resident Retention
The rate at which existing tenants renew leases — a key operational metric.

RUBS
Ratio Utility Billing System — allocating utility costs to tenants based on a formula.

Sub-Metering
Individual unit metering for utilities, allowing direct tenant billing.

Submarket
A geographic sub-area within a larger market, often used in multifamily comparables.

T-12
Trailing 12 months of property financials — the standard underwriting document.

T-3 Annualized
Three trailing months annualized — useful when a value-add property's recent performance differs from T-12.

Trailing Twelve Operating Expenses (T-12 OpEx)
Last 12 months of property expenses, used to underwrite multifamily acquisitions.

Unit Mix
The blend of unit types (studio, 1BR, 2BR) in a multifamily property.

Payment Processing & Merchant Services

3D Secure
Verified by Visa, Mastercard SecureCode — adds password verification to online purchases.

ACH Transfer
An electronic bank-to-bank transfer through the Automated Clearing House network.

Acquiring Bank
The merchant's bank that processes card transactions on their behalf.

Aggregator
A payment provider (like Stripe or Square) that pools many small merchants under one account.

Assessment Fee
Fees charged by Visa/Mastercard networks on each transaction, separate from interchange.

Authorization
Initial approval of a transaction by the issuing bank, holding funds before settlement.

Capture
The completion of a transaction, moving from authorization to settlement.

Card-Not-Present Transaction
A transaction without the physical card (online, phone) — higher fraud risk and fees.

Card-Present Transaction
A transaction where the card is physically swiped, dipped, or tapped — generally lower risk.

Cardholder
The person who owns a credit or debit card and is responsible for transactions.

Cash Discount Program
A pricing structure where card-paying customers see higher prices than cash customers.

Chargeback
A forced reversal of a card transaction initiated by the cardholder's bank.

Contactless Payment
Tap-to-pay transactions using NFC technology — cards or mobile wallets.

Convenience Fee
A fixed fee for using a non-standard payment method, allowed in many cases.

Cross-Border Fee
An additional fee assessed on international card transactions.

Currency Conversion Fee
A fee added to international transactions to convert currencies.

Discount Rate (Payments)
The percentage a merchant pays per transaction to its processor.

Dual Pricing
Showing both a card price and a cash price at checkout, compliant alternative to surcharging.

EMV
The chip-card standard for secure card-present transactions.

Flat Rate Pricing
Simple, single-rate pricing across all card types — easier but often more expensive.

Fraud Filters
Rules-based or AI-driven systems screening transactions for suspicious patterns.

Gateway Fee
Per-transaction charge by a payment gateway, in addition to processor fees.

Interchange Fee
The fee a merchant's bank pays to a cardholder's bank when a card is used.

Interchange Plus Pricing
Transparent processor pricing showing interchange fees plus a fixed markup.

Issuing Bank
The bank that issued a card to the cardholder.

Level 2 Processing
Sending additional transaction data (PO numbers, tax) to qualify for lower B2B rates.

Level 3 Processing
Even more detailed line-item data for B2B/government transactions, securing the lowest rates.

MCC
Merchant Category Code — a 4-digit code identifying a merchant's industry, used for fees and rewards.

Merchant Account
A business bank account that accepts credit and debit card payments.

Merchant of Record (MoR)
The entity legally responsible for a transaction with the cardholder.

Network Fee
Fees charged by Visa, Mastercard, Amex, or Discover for using their networks.

Payment Gateway
Software that securely transmits card data from a customer to a payment processor.

PCI Compliance
Following the Payment Card Industry Data Security Standards to protect card data.

PCI DSS
Payment Card Industry Data Security Standard — the security framework for cardholder data.

Point of Sale (POS)
The hardware and software used to accept customer payments at the time of sale.

Pre-Authorization
A temporary hold on funds before a final transaction amount is known.

Recurring Billing
Automatically charging a customer on a regular schedule.

Refund
Returning funds to a customer through the original payment method.

Reserve Account
Funds a processor holds back to cover potential chargebacks or losses.

Risk Holdback
A processor's reserve withheld from settlements to cover potential chargebacks.

Settlement
The transfer of funds from the cardholder's bank to the merchant's bank after a transaction.

Subscription Billing
A specialized form of recurring billing for ongoing services with tiered plans.

Surcharge
An additional fee charged to customers paying with credit cards, where legal.

Tiered Pricing
Processor pricing with tiers (qualified, mid-qualified, non-qualified) — often opaque.

Tip Adjustment
Increasing a captured transaction amount to account for a tip.

Tokenization (Payments)
Replacing sensitive card data with a non-sensitive token for storage and transmission.

Underwriting (Merchant)
A processor's review of a business before approving payment processing services.

Void
Cancelling a transaction before it settles, with no funds movement.

Preferred & Tiered Funding

Cap Table
A spreadsheet showing all equity holders and their ownership percentages.

Class A Units
Senior equity units with priority distribution rights in a partnership.

Class B Units
Junior equity units that participate in distributions after Class A.

Convertible Note
Debt that can convert to equity, typically at a future financing event.

Convertible Preferred
Preferred equity that can convert to common equity under specified terms.

Equity Kicker
An equity participation added to a debt instrument as a return enhancer.

Hard Pref
A non-cumulative preferred return that doesn't accrue if unpaid.

Junior Tranche
Lower-priority debt repaid after senior tranches, with higher yields.

Last Money In
Late-stage capital with priority distribution rights to compensate for risk and timing.

Mezzanine Stack
The mid-layer of capital between senior debt and equity in a deal.

PIK Interest
Payment-In-Kind — interest added to the loan balance rather than paid in cash.

Preferred Equity Catch-Up
A provision allowing preferred investors to receive a larger share of distributions until a threshold is met.

Senior Tranche
The highest-priority debt slice in a structured deal, repaid first.

Soft Pref
A cumulative preferred return that accrues unpaid amounts.

Subordination Agreement
A contract establishing the order of repayment between multiple lenders.

Private & Hard Money

After-Repair Value (ARV)
The estimated value of a property after planned renovations are complete.

Asset-Based Lending
Lending based primarily on the value of collateral rather than borrower income.

Bad-Boy Carve-Out
Non-recourse loan exceptions triggered by fraud, waste, or misrepresentation.

Bridge Loan
Short-term financing used to bridge the gap between buying a new property and selling another.

Construction-to-Perm Loan
A single closing that funds construction then converts to a permanent mortgage.

Cross-Collateralization
Using one asset as collateral for multiple loans, or multiple assets to secure one loan.

Cross-Default
A loan provision triggering default on one loan if another loan is in default.

Draw Schedule
A pre-agreed timetable for releasing rehab or construction funds as work progresses.

Equity Cushion
The owner's existing equity providing extra security to a private lender.

Exit Strategy
The plan for paying off a short-term loan — refinance, sale, or new financing.

Fix-and-Flip Loan
A short-term loan to acquire and renovate a property for quick resale.

Gap Funding
Capital that fills the difference between a senior loan and the borrower's available equity.

Hard Money Loan
A short-term, asset-based loan from a private lender, typically at higher rates than banks.

Holdback
Loan proceeds held in reserve and released as construction or rehab milestones are met.

Interest Reserve
Loan funds set aside to cover interest payments during a rehab or construction period.

Lender Inspection
A periodic site visit by the hard-money lender to verify construction progress.

Loan-to-ARV (LTARV)
Loan amount as a percentage of after-repair value, common in rehab loans.

Loan-to-Cost (LTC)
Loan amount as a percentage of total project cost, used in fix-and-flip and construction lending.

Maturity Default
Defaulting because a loan reaches its end date and isn't paid off.

Mezzanine Loan
A hybrid debt-equity loan that is subordinate to senior debt and often convertible to equity on default.

Mini-Perm Loan
A medium-term loan (3-5 years) bridging construction completion to permanent financing.

Non-Recourse Loan
A loan where the lender's only remedy is the collateral, not the borrower personally.

Points and Interest
The two main costs of a hard money loan — upfront points plus monthly interest.

Prepayment Clause
A loan provision dictating any fees for paying off a private loan early.

Private Money Loan
A loan from an individual or non-institutional lender, often friends, family, or investors.

Recourse Carveouts
Specific carve-outs in non-recourse loans triggering personal liability.

Recourse Loan
A loan where the borrower is personally liable beyond the collateral.

Soft Money Loan
An asset-backed loan with terms between conventional and hard money.

Sponsor Equity
The cash the borrower (sponsor) puts into a deal alongside private financing.

Take-Out Loan
Permanent financing that replaces a short-term construction or bridge loan.

Property Management

Capital Expenditure (CapEx)
Major investments in a property such as a new roof, HVAC, or renovation.

Cure or Quit Notice
A notice giving a tenant time to remedy a lease violation or vacate.

Eviction
The legal process by which a landlord removes a tenant who has violated the lease.

Habitable Standards
Minimum legal requirements for a rental's safety and livability.

Implied Warranty of Habitability
The legal doctrine that landlords must keep rentals safe and livable.

Late Fee
A penalty charged when rent is paid after the contractual grace period.

Lease Audit
A review of lease compliance, especially for CAM charges and pass-through expenses.

Lease Renewal
An extension of an expiring lease, often with negotiated rent and term changes.

Leasing Fee
A separate fee charged when a property manager places a new tenant.

Maintenance Reserve
Funds set aside for routine repairs and unexpected expenses.

Make-Ready
The process of preparing a vacant unit for the next tenant.

Management Fee
The percentage of monthly rent a property manager charges, typically 6-12%.

Move-In/Move-Out Inspection
A documented walkthrough that records property condition at the start and end of tenancy.

Notice to Vacate
A formal notice from a tenant or landlord ending the rental agreement.

Owner Statement
A monthly report from a property manager to the owner showing income, expenses, and cash flow.

Property Manager
A professional or company responsible for the day-to-day operation of rental property.

Rent Collection
Receiving and recording rent payments, often through online portals.

Security Deposit
Funds held by a landlord to cover damages or unpaid rent at lease end.

Tenant Portal
An online platform where tenants pay rent, submit maintenance requests, and communicate.

Tenant Screening
Background, credit, and rental history checks performed on prospective tenants.

Trust Account
A separate bank account holding tenant security deposits, regulated by state law.

Turnover Cost
Total cost of preparing a unit between tenants — cleaning, paint, minor repairs.

Property Types

ADU
Accessory Dwelling Unit — a secondary housing unit on a single-family lot (in-law suite, casita, garage apartment).

Assisted Living
Senior housing offering personal-care help with daily living activities.

Big-Box Retail
Large freestanding retail stores typically 50,000+ square feet.

Brownstone
A row house, typically 3-5 stories, faced with reddish-brown sandstone — common in NYC and Boston.

Build-to-Rent (BTR)
Single-family rental communities built specifically for long-term tenants.

Bulk Warehouse
Industrial property with high ceilings and large floor plates for storage and distribution.

Bungalow
A small one or one-and-a-half-story house with a porch.

Cape Cod Style
A small, symmetrical house style with steep roof and central chimney, popular in New England.

Casita
A small detached guest house or accessory dwelling, common in southwestern architecture.

Class A Office
The highest quality office buildings — newest, best locations, top amenities.

Class B Office
Mid-tier office buildings — older but well-maintained with good locations.

Class C Office
Older buildings in less desirable locations, typically with lower rents.

Co-Living
A housing concept where residents have private bedrooms and share common areas, common in urban markets.

Colonial Style
A traditional symmetrical house style with multi-story formal layout.

Condominium
An individually owned unit within a larger building, with shared ownership of common areas.

Cooperative (Co-op)
Housing where residents own shares in a corporation that owns the building, granting them occupancy rights.

Craftsman Style
A home style featuring handcrafted woodwork, low-pitched roofs, and natural materials.

Duplex
A residential building containing two separate units, often with separate entrances.

Flex Space
Industrial property combining office, warehouse, and light manufacturing in one unit.

Fourplex
A residential building with four separate dwelling units — still considered residential for financing.

Garden Apartment
A low-rise multifamily building, typically 2-3 stories surrounded by landscaped grounds.

Garden-Style Office
Low-rise suburban office buildings, typically with surface parking.

High-Rise
A building of 10+ stories, usually with an elevator and structured parking.

Hospitality Property
Hotels, motels, and short-term lodging facilities operated for transient guests.

Independent Living
Senior housing for active retirees needing little or no medical assistance.

Industrial Property
Real estate used for manufacturing, warehousing, distribution, or research.

Land
Raw or undeveloped real property without significant improvements.

Last-Mile Industrial
Smaller distribution properties near urban areas serving same-day or next-day delivery.

Lifestyle Center
An open-air retail center with upscale shops, dining, and pedestrian features.

Loft
An open-floor-plan residential conversion, often from former industrial spaces.

Manufactured Home
A factory-built home that meets federal HUD code, transported to a site after construction.

Manufactured Home Community
A planned development of manufactured homes, often with rented lots.

Mediterranean Style
A home style with tile roofs, stucco walls, and arched openings.

Memory Care
Specialized senior facilities serving residents with Alzheimer's or dementia.

Mid-Rise
A multistory building between 4 and 9 stories.

Mixed-Use Property
Real estate containing both residential and commercial spaces.

Mobile Home
A factory-built dwelling built before HUD code (1976), often classified as personal property.

Modular Home
A home built in sections at a factory then assembled on a permanent foundation on-site.

Multifamily (5+)
Residential property with five or more units, classified as commercial for lending purposes.

Neighborhood Center
A retail center anchored by a grocery store serving daily needs of nearby residents.

Office Building
A commercial property used primarily for professional workspaces, classified by Class A, B, or C.

Patio Home
A small single-family home, often in a 55+ community, with minimal yard maintenance.

Penthouse
An upscale residence on the top floor of a multi-story building.

Power Center
A retail center anchored by multiple big-box stores.

Pueblo Style
Southwestern architectural style mimicking adobe construction with flat roofs and earth tones.

Ranch Style
A single-story house with a long, low profile and open layout — common in the Southwest.

Regional Mall
A large enclosed shopping center anchored by department stores, drawing from a wide area.

Retail Property
Commercial space leased for sale of goods or services to consumers.

Self-Storage Facility
A property containing rentable storage units for personal or business use.

Single-Family Residence (SFR)
A standalone dwelling designed for one household.

Skilled Nursing Facility (SNF)
Licensed residential care providing 24-hour medical and personal services.

Strip Center
A small retail center with stores facing a parking lot, typically without anchor tenants.

Tiny Home
A small dwelling, typically under 400 sq ft, often on a movable chassis or fixed foundation.

Townhouse
A multi-floor home sharing one or two walls with adjacent properties but with its own entrance.

Triplex
A residential building with three separate dwelling units.

Tudor Style
A house style with steep rooflines, prominent chimneys, and half-timbered exterior details.

Real Estate Fundamentals

Adverse Possession
Acquiring legal ownership of land by openly using it without permission for a statutory period.

Air Rights
The legal right to use, control, or develop the space above a parcel of land.

Allodial System
A system of land ownership where individuals own land outright, free of government claim — the U.S. model.

Annexation
Attaching personal property to real estate so it becomes a fixture.

Bench Mark
A surveyor's permanent reference point of known elevation.

Boundary Dispute
A disagreement between neighboring owners about where a property line lies.

Bundle of Rights
The set of legal rights that come with property ownership — possession, control, exclusion, enjoyment, and disposition.

Caveat Emptor
Latin for "let the buyer beware" — the traditional doctrine of buyer responsibility.

Community Property
A form of ownership in certain states where property acquired during marriage is jointly owned.

Curb Appeal
The visual attractiveness of a property when viewed from the street.

Doctrine of Emblements
A tenant farmer's right to harvest annual crops planted during the tenancy.

Easement
A legal right to use another person's land for a specific purpose, such as a utility line or shared driveway.

Encroachment
An unauthorized intrusion of a structure or improvement onto a neighbor's property.

Encumbrance
Any claim, lien, charge, or liability attached to real property that may diminish its value or use.

Estate
The degree, nature, and extent of an owner's interest in real property.

Fee Simple
The most complete form of ownership in real estate — unlimited duration, freely transferable.

Fixture
An item of personal property that becomes part of real property by being permanently attached.

Functional Square Footage
Usable interior space, excluding garages, basements, or unfinished areas.

Gross Square Footage
Total measurement including all interior and structural areas.

Homestead
A legal designation that protects a primary residence from certain creditors and may provide tax benefits.

Joint Tenancy
Co-ownership of property with right of survivorship — when one owner dies, their share passes to the others.

Latent Defect
A property defect not visible on inspection that the seller may be legally required to disclose.

Lateral Support
A landowner's right to have adjacent land naturally support their own.

Lead-Based Paint Disclosure
A federal disclosure for homes built before 1978 regarding lead-based paint hazards.

Leasehold
An interest in real estate that gives the holder the right to use the property for a specified period under a lease.

Lien
A legal claim against a property used as collateral or security for a debt.

Life Estate
An ownership interest that lasts for the lifetime of a specified person.

Littoral Rights
The rights of property owners whose land borders a non-flowing body of water like a lake or ocean.

Marketability
The ease with which a property can be sold at fair value in the current market.

Material Fact
Information important enough to influence a buyer's decision — must be disclosed.

Megan's Law
Statutes requiring disclosure of registered sex offenders in a neighborhood.

Metes and Bounds
A method of describing land by its boundary lines, distances, and physical features.

Mineral Rights
The legal right to extract minerals from beneath a parcel of land, sometimes sold separately from the surface.

Mold Disclosure
A disclosure of known mold issues in a property, required in many states.

Monument
A fixed physical object (stake, marker, natural feature) defining a property boundary.

Party Wall
A shared wall between two adjoining properties, jointly maintained.

Patent Defect
An obvious property defect plainly visible on inspection.

Personal Property
Movable items not permanently attached to real estate, such as furniture or appliances not built in.

Plat
A map drawn to scale showing the divisions of a piece of land into lots, with streets and easements.

Police Power
The government's right to regulate land use through zoning, building codes, and health rules.

Price Per Square Foot
Property price divided by total square footage — a common comparison metric.

Profit a Prendre
The right to enter another's land and take resources such as timber, minerals, or game.

PUD
Planned Unit Development — a community of homes with shared common areas governed by an HOA.

Quiet Enjoyment
A tenant's right to occupy a property without interference from the landlord.

Radon Disclosure
A disclosure or test for radon gas, a naturally occurring radioactive hazard.

Real Property
Land and anything permanently attached to it, including buildings, fixtures, and rights to natural resources.

Remainder Interest
A future ownership interest that takes effect after a life estate ends.

Reversion
The return of property to the grantor or their heirs after a temporary interest ends.

Right of Way
A type of easement giving the right to pass over another's property.

Riparian Rights
Rights of landowners whose property borders a body of water to access and use that water.

Setback
The minimum distance a building must be from a property line, street, or other feature.

Severalty
Ownership of property by one person or entity alone.

Severance
Detaching something from real property so it becomes personal property (e.g., harvesting trees).

Stigmatized Property
Property with non-physical issues (death, crime) that may affect its market value.

Subdivision
Land divided into multiple lots for sale or development.

Subjacent Support
A landowner's right to have the land below their surface naturally support it.

Survey
A precise measurement and mapping of a property's boundaries, structures, and easements.

Taxation Power
The government's authority to levy property taxes — one of the four powers limiting ownership.

Tenancy by the Entirety
A form of joint ownership available only to married couples in some states.

Tenancy in Common
Co-ownership where each owner holds an individual, separately transferable share.

Trade Fixture
Personal property installed by a commercial tenant that remains personal property and can be removed.

Real Estate Tech & PropTech

AI Lead Scoring
Machine learning models ranking prospects by likelihood to transact.

AVM
Automated Valuation Model — software that estimates property value using public data and algorithms.

Blockchain Title
Recording property titles on a blockchain to improve transparency and reduce fraud.

Building Management System (BMS)
Software controlling a building's HVAC, lighting, and security from one platform.

CRM (Real Estate)
Customer relationship management software helping agents track leads and clients.

Digital Twin
A virtual replica of a physical property used for design, monitoring, or maintenance.

Drone Photography
Aerial imagery for real estate marketing, particularly for large properties.

Electronic Signatures (E-Sign)
Digital signatures legally binding under the U.S. E-SIGN Act and UETA.

iBuyer
A company that uses algorithms to make instant cash offers on homes, then resells them.

Lead Generation Platform
Software systems generating buyer/seller leads for real estate agents.

Listing Syndication
Distributing a property listing to multiple third-party portals automatically.

Matterport
A 3D scanning platform creating walkable virtual tours of properties.

Predictive Analytics
Models forecasting market trends, property values, or tenant behavior.

PropTech
Technology serving the real estate industry, from listings platforms to building automation.

Smart Building Sensors
IoT devices monitoring occupancy, temperature, and energy use in real time.

Smart Home
A home with connected devices for lighting, security, climate, and appliances.

Smart Lock
An electronic lock controllable via phone or keypad, common in short-term rentals.

Tenant Experience Platform
Software helping commercial tenants access amenities, services, and communications.

Tokenization
Representing fractional real estate ownership as digital tokens on a blockchain.

Virtual Staging
Software-generated furniture and decor added to listing photos digitally.

Virtual Tour
An interactive online walkthrough of a property using 3D or 360° imagery.

REITs & Public Real Estate

AFFO
Adjusted Funds From Operations — FFO minus recurring capital expenditures.

Dividend Yield
Annual dividend per share divided by stock price.

DownREIT
A REIT structure with separate partnerships for individual properties.

Equity REIT
A REIT that directly owns and operates income-producing real estate.

External Management
REIT structure where management services are provided by a separate company.

FFO
Funds From Operations — a REIT's profitability measure that adds depreciation back to net income.

Internal Management
REIT structure where the management team is employed directly by the REIT.

Mortgage REIT (mREIT)
A REIT that invests in mortgages and mortgage-backed securities.

NAV Premium/Discount
The gap between a REIT's stock price and its underlying NAV.

Net Asset Value (NAV)
A REIT's underlying property value minus debt — used to compare to its stock price.

Payout Ratio
Percentage of FFO or AFFO a REIT distributes as dividends.

Private REIT
A REIT not registered with the SEC and limited to accredited investors.

Public Non-Traded REIT
A REIT registered with the SEC but not listed on a public exchange.

Re-leveraging
Adding new debt to a REIT's balance sheet after deleveraging.

REIT
Real Estate Investment Trust — a company that owns or finances real estate and trades like a stock.

REIT Status
IRS tax-advantaged designation requiring 90% distribution of taxable income and at least 75% real estate assets.

Same-Store NOI
NOI growth on properties owned for at least a year — a key REIT performance metric.

Special Dividend
An extraordinary one-time dividend, often from a property sale.

UPREIT Structure
Umbrella Partnership REIT — lets owners contribute property in exchange for OP units tax-deferred.

SBA & Government Lending

Business Plan
A required document detailing the business's strategy, financials, and operations.

Community Advantage Loan
An SBA 7(a) loan available to underserved small businesses through mission-based lenders.

Eligibility Requirements (SBA)
Standards a business must meet for SBA loan programs — size, type, and use of proceeds.

Microloan
A small loan (typically under $50K) for startups and small businesses, often via nonprofit lenders.

Owner-Occupied Requirement
SBA real estate loans require business owners to occupy at least 51% of the space.

Personal Guarantee
A business owner's pledge of personal assets to back a business loan.

Preferred Lender Program (PLP)
An SBA designation allowing approved lenders to make 7(a) decisions in-house.

SBA 504 Loan
An SBA program for fixed-asset purchases like real estate or major equipment.

SBA 7(a) Loan
The SBA's most common loan program, used for working capital, equipment, or real estate.

SBA CDC
A Certified Development Company — a nonprofit that originates SBA 504 loans alongside a bank.

SBA Disaster Loan
Low-interest loans for businesses impacted by declared disasters.

SBA Express Loan
A streamlined 7(a) loan with 36-hour SBA decision and lower max loan amount.

SBA Guaranty Fee
A fee paid to the SBA based on the guaranteed portion of a loan.

SBA Loan
A small-business loan partially guaranteed by the U.S. Small Business Administration.

SBA Loan Limit
The maximum amount a single business can borrow — currently $5M for 7(a) loans.

SBA Use of Proceeds
Allowed loan purposes including working capital, equipment, real estate, and refinancing.

Standby Agreement (SBA)
A subordination agreement keeping personal loans behind SBA debt.

USDA Business Loan
Loans backed by the USDA to support business growth in rural areas.

Specialized & Niche Real Estate

Build-for-Rent Community
A community of newly constructed homes designed and operated as rentals.

Cannabis Real Estate
Properties used for legal cannabis cultivation, processing, or dispensary — highly regulated.

Charter School Property
Real estate leased to charter schools, often via long-term net leases.

Cold Storage
Refrigerated warehousing for perishable goods — a fast-growing industrial niche.

Crypto Mining Facility
Industrial property with massive power capacity designed for cryptocurrency mining.

Data Center
A facility purpose-built to house computer servers, with heavy power and cooling demands.

EV Charging Hub
Real estate dedicated to electric vehicle charging stations, a fast-growing niche.

Flex Industrial
Hybrid industrial property suitable for light manufacturing, distribution, or office use.

Ghost Kitchen
A commercial kitchen serving delivery-only food businesses, leased as specialty industrial.

Healthcare REIT
A REIT specializing in medical office, hospitals, and senior living properties.

Last-Mile Logistics
Distribution facilities located near population centers for fast delivery.

Life Sciences Real Estate
Laboratory and R&D space designed for biotech and pharmaceutical tenants.

Marina
Real estate specializing in boat slips and waterfront amenities.

Medical Office Building (MOB)
Office property designed for medical or healthcare tenants.

Mobile Home Park (MHP)
A community of manufactured homes on rented or owned lots.

Net Lease (STNL)
Single-tenant net lease — typically long-term leases with credit tenants and minimal landlord duties.

Outdoor Storage
Yards for vehicles, equipment, or materials — increasingly investable industrial subclass.

RV Park
Real estate providing serviced lots for recreational vehicles, often with amenities.

Senior Housing
Properties serving older adults, ranging from independent living to skilled nursing.

Single-Family Rental (SFR) Portfolio
A collection of single-family homes operated as institutional rentals.

Student Housing
Purpose-built rental properties serving university students.

Tax & 1031

1031 Exchange
An IRS-authorized swap of like-kind investment property that defers capital gains taxes.

180-Day Rule
The 1031 deadline to close on a replacement property after selling the relinquished property.

45-Day Rule
The 1031 deadline to identify replacement properties after closing on the relinquished property.

Active vs. Passive Income
Active income comes from work; passive income comes from investments — taxed differently.

Bonus Depreciation
An accelerated tax deduction allowing first-year write-off of qualifying property components.

Boot
Cash or non-like-kind value received in a 1031 exchange that triggers taxable gain.

Capital Gains Tax
A tax on profit from the sale of an asset held longer than one year.

Cash Boot
Cash received in a 1031 exchange that is taxable.

Constructive Receipt
An IRS doctrine treating taxpayers as receiving income they could control, even if not yet collected.

Cost Segregation
A study that accelerates depreciation by separately classifying building components.

Delaware Statutory Trust (DST)
A trust holding investment-grade real estate, eligible for 1031 exchanges.

Depreciation
An annual tax deduction representing the wear and tear of an income-producing property.

Drop and Swap
Restructuring partnership interests so partners can independently do 1031 exchanges.

Identification Rules
The 3-property, 200%, or 95% rules limiting what a 1031 exchanger can identify.

Improvement 1031
A 1031 exchange that includes construction or renovations within the 180-day window.

Like-Kind Property
Real estate held for investment or business — required for a 1031 exchange.

Material Participation
Active involvement in a real estate activity meeting specific IRS hour and engagement tests.

Mill Rate
The amount of tax per $1,000 of assessed property value.

Mixed-Use Property (1031)
Property used partly as a residence and partly for investment — requires special apportionment.

Mortgage Boot
Debt relief in a 1031 exchange that may trigger taxable gain.

Mortgage Interest Deduction
A federal tax deduction for interest paid on home loans up to specified limits.

Opportunity Zone
An economically distressed area where investors can defer or reduce capital gains taxes.

Passive Activity Loss
Tax losses from real estate that generally can only offset passive income, with exceptions.

Personal Residence Exclusion
The Section 121 exclusion of up to $250K/$500K gain on a primary home sale.

Property Tax
An annual tax levied by local governments based on assessed property value.

Qualified Intermediary (QI)
A neutral party who holds 1031 exchange proceeds between sale and reinvestment.

Real Estate Professional Status (REPS)
An IRS designation allowing real-estate losses to offset active income, requiring 750 hours and material participation.

Reverse 1031 Exchange
A 1031 where the replacement property is acquired before the relinquished property is sold.

Safe Harbor (1031)
IRS-approved procedures that exchanges must follow to qualify for tax deferral.

Section 121 Exclusion
The IRS rule allowing up to $250K ($500K married) of gain to be excluded on a primary residence sale.

Section 179 Deduction
A tax provision allowing immediate expensing of certain business property purchases up to a limit.

Short-Term Rental Loophole
Using avg-stay-under-7-days rentals to claim active-style losses without REPS, with material participation.

Step-Up in Basis
Adjustment of an inherited property's tax basis to its date-of-death fair market value.

Suspended Losses
Passive losses carried forward when current rules limit their use.

Tax Lien
A government claim against property for unpaid taxes, which takes priority over most other liens.

Tax Loss Harvesting
Selling losing investments to offset capital gains elsewhere.

Tenant-in-Common (TIC) 1031
Replacement property structure where investors hold fractional title together.

Underwriting & Metrics

Add-Back
Non-cash expenses added back to income when underwriting a self-employed borrower.

Automated Underwriting
Software-driven loan evaluation systems like Fannie Mae's DU and Freddie Mac's LPA.

Back-End DTI
Total monthly debt payments (housing + other) divided by gross monthly income.

Capacity
A borrower's ability to repay a loan based on income and other obligations.

Capital (Underwriting)
A borrower's savings or assets available beyond what's needed for a transaction.

Character (Underwriting)
A borrower's credit history and reputation for repaying obligations.

Clear to Close (CTC)
Final underwriter approval — all conditions met, ready to schedule closing.

Collateral
An asset pledged as security for a loan, which the lender can seize on default.

Combined Loan-to-Value (CLTV)
The sum of all loans against a property divided by the property's value.

Compensating Factors
Positive borrower attributes (large reserves, low DTI) that offset weaker areas of an application.

Conditional Approval
Underwriter approval pending submission of specific documents or clarifications.

Conditions (Underwriting)
External factors a lender considers, such as loan purpose, market conditions, and economy.

Credit Score Tiers
Common bands: 760+ excellent, 700-759 good, 660-699 fair, below 660 challenging.

Debt Stack
All outstanding obligations a borrower carries, considered together in underwriting.

Debt Yield
Net operating income divided by loan amount, used by commercial lenders.

Debt-Service Coverage Ratio (DSCR)
Net operating income divided by total debt service — a key commercial underwriting metric.

Debt-to-Income Ratio (DTI)
Monthly debt obligations divided by gross monthly income, used to gauge borrowing capacity.

Disposable Income
Income remaining after taxes, used in some manual underwriting calculations.

FICO Score
A credit score model developed by Fair Isaac Corporation, ranging from 300 to 850.

Front-End DTI
Housing-related monthly costs divided by gross monthly income.

Gift Letter
Documentation confirming that down-payment funds were a gift, not a loan.

Gross Rent Multiplier (GRM)
Property price divided by gross annual rental income — a quick valuation screen.

Hard Pull
A credit inquiry that may affect a credit score, usually for new credit applications.

Income Documentation
W-2s, tax returns, pay stubs, and bank statements used to verify a borrower's earnings.

Inquiries
Records of credit checks — too many in a short window can lower scores.

Layered Risk
Loans with multiple high-risk factors (low credit, high LTV, low reserves) requiring extra scrutiny.

Liquid Assets
Assets quickly convertible to cash — bank accounts, money market, brokerage.

Loan Estimate Comparison
Reviewing multiple lender estimates side-by-side to choose the best terms.

Loan-to-Value (LTV)
The loan amount expressed as a percentage of the property's appraised value.

Manual Underwriting
Human review of a loan file, often used for complex or non-standard situations.

Net Worth Statement
A summary of a borrower's total assets minus total liabilities.

Non-Liquid Assets
Assets not easily converted, like retirement accounts (counted at discount) and real estate.

Occupancy Type
Classification of a borrower's intent: owner-occupied, second home, or investment.

Pre-Underwriting
Early review of a loan file before the property is identified.

Reserve Requirement
Minimum months of PITI a borrower must have available after closing, often 2-6 months.

Reserves
Liquid assets a borrower holds after closing, often expressed as months of PITI.

Residual Income
Income left after housing and debts — a key VA loan underwriting metric.

Schedule E
An IRS form reporting rental and royalty income — key for landlord borrowers.

Seasoning
How long funds have sat in an account, used to verify down-payment sources.

Self-Employed Borrower
A borrower whose income comes from a business they own — typically underwritten with tax returns.

Soft Pull
A credit check that doesn't affect the score, often used for pre-qualifications.

Stated Income Loan
A loan approved based on the borrower's reported income without full verification.

Stress Test
Underwriting at a higher hypothetical rate to ensure the borrower can still afford payments.

Tri-Merge Report
A combined credit report pulling data from Equifax, Experian, and TransUnion.

Underwriting
The lender's process of evaluating a borrower and property to determine loan risk.

VOD
Verification of Deposit — confirms account balances with a borrower's bank.

VOE
Verification of Employment — a document confirming a borrower's job status and income.

Working Capital & Micro Funding

Bridge Capital
Short-term funding to bridge a gap between immediate needs and longer-term financing.

Crowdfunding
Raising small amounts of capital from many people, often online.

Daily ACH Debit
MCA repayment method automatically debiting from business bank account daily.

Daily Repayment
Short-term loan repayment structure with small daily ACH debits.

Equipment Financing
A loan or lease used specifically to purchase business equipment, secured by the equipment.

Factor Rate
MCA pricing expressed as a multiple of the funded amount, not an APR.

Holdback Percentage
The fixed percentage of credit card sales an MCA company takes for repayment.

Inventory Financing
A loan secured by inventory, helping businesses stock up before peak season.

Invoice Financing
Borrowing against unpaid invoices to access working capital quickly.

Merchant Cash Advance (MCA)
A lump sum advance repaid via a percentage of future credit card sales.

Purchase Order Financing
A loan against a confirmed purchase order to fund inventory or fulfillment.

Reconciliation (MCA)
The process of adjusting MCA payments downward when sales slow.

Renewal Funding
Additional financing offered after partial repayment of a previous advance.

Revenue-Based Financing
Funding repaid as a percentage of monthly revenue until a multiple is reached.

Short-Term Business Loan
A loan typically repaid within 3-18 months for immediate working capital needs.

Stacking
Taking multiple MCAs or short-term loans simultaneously — usually a covenant violation.

Term Loan
A loan with a fixed repayment schedule and term, typically 1-10 years.

Term-Out Provision
Converting an outstanding LOC balance into a term loan with scheduled payments.

Weekly Repayment
Short-term loan repayment structure with weekly ACH debits.