

active license

Any broker or salesperson
under the supervision of a
principal or supervising broker
performing real estate
brokerage activities.

actively engaged

A broker or salesperson having active licensure with a licensed real estate firm or sole proprietorship and active for an average of at least 40 hours per week. The REB may waive the 40-hour-per-week requirement at its discretion.

adverse possession

The actual, open, notorious, hostile, and continuous possession of another's land under a claim of title. Possession for a statutory period may be a means of acquiring title.

agency

The relationship between a principal and an agent wherein the agent is authorized to represent the principal in certain transactions.

agent

One who acts or has the power to act for another. A fiduciary relationship is created under the law of agency when a property owner, as the principal, executes a listing agreement or management contract authorizing a licensed real estate broker to be his or her agent.

alienation clause

The clause is a mortgage or deed of trust stating that the balance of the secured debt becomes immediately due and payable at the lender's option if the property is sold by the borrower. In effect, this clause prevents the borrower from assigning the debt without the lender's approval.

as-built survey

A house location survey with all other physical features of the subject property shown, including water courses, utility lines, fence lines, outbuildings, and similar features.

attorney-in-fact

An unbiased third party
appointed by another person
to act in that person's place.

automated survivorship

Intended to place joint tenants in the same situation as tenants in common as far as augmented estates were concerned. Has been abolished in Virginia.

beneficiary

(1) The person for whom a trust operates or in whose behalf the income from a trust estate is drawn. (2) A lender in a deed of trust loan transaction.

boundary survey

Shows the boundary or perimeter of the parcel as taken from and applied to the ground. Corner stakes or other physical landmarks appear.

broker

In Virginia, any person or business entity, including, but not limited to, a partnership, association, corporation, or limited liability corporation, who, for, compensation or valuable consideration (i) sells or offers for sale, buys or offers to buy, or negotiates the purchase or sale or exchange of real estate, including units or interest in condominiums, cooperative interest... or time-shares in a time-share program... or (ii) leases or offers to lease, or rents or offers for rent, any real estate or the improvements thereon for others.

brokerage relationship

Describes both client and customer relationships with the broker.

broker's lien

A lien on the rent paid by the tenant in the amount of the compensation (commission) agreed on by the owner and the broker.

caveat emptor

"Let the buyer beware."

Requires the buyer to examine the property before purchase and to take responsibility for its condition.

chain of title

The succession of conveyances, from some accepted starting point, whereby the present holder of real property derives title.

civil action

A lawsuit that can be brought
by a person who feels wronged
or injured by another person

client

A person who has entered into a brokerage relationship with a broker license.

Closing Disclosure (CD)

A five-page statement of final loan terms and closing costs.

cloud on the title

Any document, claim, unreleased lien, or encumbrance that may impair the title to real property or make the title doubtful; usually revealed by a title search and removed by either a quitclaim deed or suit to quiet title.

complainant

The person or entity who files
an administrative complaint
accusing someone of violating
Virginia fair housing law.

conciliation

A form of alternative dispute resolution in which a conciliator meets with each of the parties separately to help them settle their differences voluntarily, without the formality of a hearing or trial.

concurrent license

Brokers who are active in more than one legal entity, that is, who work for more than one brokerage firm.

condemnation

A judicial or an administrative proceeding to exercise the power of eminent domain, through which a government agency takes private property for public use and justly compensates the owner.

condominium

The absolute ownership of a unit in a multiunit building based on a legal description of the airspace the unit actually occupies, plus an undivided interest in the ownership of the common elements, which are owned jointly with the other condominium unit owners.

conflict of interest

Acting for more than one party
in a transaction without written
consent.

consent order

Resolution of a matter by accepting, making a counteroffer, asking for exhibits, or requesting an IFFC (if one has not been held).

continuing education

An approved course of study that meets the requirements for maintenance of a real estate license.

cooperative

A residential multiunit building whose title is held by a trust or corporation that is owned by and operated for the benefit of people living within the building who are the beneficial owners of the trust or shareholders of the corporation, each possessing a proprietary lease to a property unit.

customer

The third party or non
represented consumer for
whom some level of service is
provided.

deed of trust

An instrument used to create a mortgage lien by which the borrower conveys title to a trustee, who holds it as security for the benefit of the note holder (the lender); also called a trust deed.

defective drywall

Imported drywall, commonly referred to as Chinese drywall. Some consumers who live in homes with defective drywall have reported problems including a strong sulfur smell (like rotten eggs), health issues (irritated and itchy eyes and skin), difficulty breathing, a persistent cough/headaches, and premature corrosion or deterioration of certain metal components in their homes (air conditioner coils and wiring behind electrical outlets and inside electrical panel boxes).

deferred purchase money

Sellers with no immediate need for cash from the proceeds of a sale may choose to defer the income of the sale and obtain an installment tax treatment by creating an annuity in this form of deed of trust, held by the seller.

designated agent

One or more licensees affiliated with a broker who are assigned by the broker to represent solely one client to the exclusion of all other clients in the same transaction and to the exclusion of all other licensees affiliated with the broker.

distress warrant

The order to seize tenant
property.

dual agent

A broker who simultaneously has a client relationship with both seller and buyer or landlord and tenant in the same real estate transaction.

due-on-sale clause

A provision in the mortgage that states that the entire balance of the note is immediately due and payable if the mortgagor transfers (sells) the property.

dwelling

Any building or part of a
building designed for
occupancy as a residence by
one or more families.

easement by necessity

An easement allowed by law as necessary for the full enjoyment of a parcel of real estate; for example, a right of ingress and egress over a grantor's land.

easement by prescription

An easement acquired by continuous, open, and hostile use of the property for the period of time prescribed by state law.

elderliness

For purposes of the fair housing law, elderly persons are those individuals who have attained their 55th birthday.

elective share

The amount of a decedent's estate that a surviving spouse is entitled to claim by law. This prevents a person from disinherit a spouse, unless the spouse agrees to receive less than the elective share.

eminent domain

The right of a government or municipal quasi-public body to acquire property for public use through a court action called condemnation, in which the court decides that the use is a public use and determines the compensation to be paid to the owner.

equitable title

Property ownership rights held by the purchaser in conjunction with transferring legal title to the lender by a security deed. Owner retains a right of redemption to reacquire the legal title from the lender when the loan is paid off.

estate

That which is owned by a person including insurance policies, retirement benefits (exclusive of Social Security), annuities, pension plans, deferred compensation arrangements, and employee benefit plans.

eviction

A legal process to oust a person from possession of real estate.

familial status

One or more individuals under age 18 living with a parent or guardian. It also includes pregnant women and anyone in the process of assuming custody of a child under 18.

firm

Any real estate business entity, including but not limited to a corporation, partnership, limited liability company, and sole proprietorship.

four corner doctrine

All agreements must be present within the "four corners" of the contract in order to be valid. An oral agreement between builder and buyer is not valid.

Government Sponsored Enterprises (GSEs)

Organizations created by the federal government (Fannie Mae, Freddie Mac, Farmer Mac, Ginnie Mae) to help increase loan opportunities for homebuyers.

grace period

A provision in most loan and insurance contracts which allows payment to be received for a certain period of time after the actual due date. During this period no late fees will be charged, and the late payment will not result in default or cancellation of the loan.

grantor

The owner transferring title to
or an interest in real property
to a grantee.

grantor tax

Tax the seller pays on the transfer of property.

handicap

A person who suffers from a physical or mental impairment that substantially limits one or more major life activities.

hoarding

A newly classified mental disability pertaining to the difficulty of discarding or parting with possessions feeling the need to keep them.

holographic will

A will that is written, dated, and
signed in the testator's
handwriting.

home equity line of credit
(HELOC)

Permits the note holder to make advances from time to time, secured by the real estate described in the deed.

homestead exemption

A householder is entitled to hold a certain amount of real or personal property exempt from unsecured debts.

house location survey

A boundary survey with the location of the house shown.

inactive license

Any broker or salesperson who is not under the supervision of a principal broker or supervising broker, who is not affiliated with a firm or sole proprietorship, or who is not performing any real estate activities.

independent contractor

The broker-licensee relationship where at least 75% of the compensation is based on commissions earned and the broker does not withhold payroll taxes.

informal fact-finding
conference (IFFC)

A hearing conducted at the offices of DPOR; presided over by an REB member and supported by DPOR staff.

interstate

The condition of a property owner who dies without leaving a valid will. Title to the property will pass to the decedent's heirs as provided in the state law of descent.

joint tenancy

Ownership of real estate between two or more parties who have been named in one conveyance as joint tenants. Upon the death of a joint tenant, the decedent's interest passes to the surviving joint tenant or tenants by the right of survivorship.

judgment

The formal decision of a court upon the respective rights and claims of the parties to an action or suit. After a judgment has been entered and recorded with the county recorder, it usually becomes a general lien on the property of the defendant.

judicial foreclosure

Some states require the use of a mortgage instead of a deed of trust, which requires court action to foreclose.

just compensation

The fair market value of the property at the time of the taking.

landlord's lien

A lien on a tenant's property for the satisfaction of unpaid rent or property damage.

land surveyor

A licensed architect or engineer when surveying is incidental to a particular project.

land trust

A trust in which property is conveyed, and in which real estate is the only asset.

law of descent and distribution

Establishes the rights of ownership to property by a surviving spouse and others.

limited service agreement

A licensee acting only on the duties in a written brokerage agreement. The status as a limited services agent must be in writing noting a list of the services that will be provided, along with a list of the duties required of a standard agent.

lis pendens

A recorded legal document giving constructive notice that an action affecting a particular property has been filed in either a state or a federal court.

Loan Estimate (LE)

A three-page form you receive
after applying for a mortgage
which includes important
details about the requested
loan.

loan origination fee

A fee charged to the borrower by the lender for making a mortgage loan. The fee is usually computed as a percentage of the loan amount.

lot-and-block (recorded plat)
method

A method of describing real property that identifies a parcel of land by reference to lot and block numbers within a subdivision, as specified on a recorded subdivision plat.

mechanic's lien

A statutory lien on the real property of another, created to ensure payment for work performed and materials furnished in the repair or improvement of real property, such as a building.

Megan's Law

Federal legislation that promotes the establishment of state registration systems to maintain residential information on every person who kidnaps children, commits sexual crimes against children, or commits sexually violent crimes.

metes and bounds

Legally sufficient real property description that surveys a property's boundaries by courses and distances with and identifiable starting point.

ministerial acts

Routine acts that a licensee can perform for a person that do not involve discretion or the exercise of the licensee's own judgment.

mixed-use developments

Properties that accommodate more than one use, such as commercial, residential, retail, office, or parking.

money judgment

The formal decision of a court upon the respective rights and claims of the parties to an action or suit. After a judgment has been entered and recorded with the county recorder, it usually becomes a general lien on the property of the defendant.

net listing

A listing based on the net price the seller will receive if the property is sold. Under a net listing, the broker can offer the property for sale at the highest price obtainable to increase the commission. This type of listing is illegal in many states.

nonjudicial foreclosure

Gives the trustee the right to
sell the property (foreclose)
without going to court.

nuncupative will

An oral will declared by the testator in his or her final illness, made before witnesses and afterward reduced to writing; not permitted by all states.

parol evidence

Evidence of facts and
circumstances not included in
the deed or contract.

pay or quit notice

The landlord may issue a written notice giving the tenant five days to pay the rent or vacate the property.

place of business

Where the business of real estate brokerage is normally transacted and where business calls can be directed and received.

post-licensing education

Proscribed by the Real Estate Board as that education required to obtain the first renewal of a real estate salesperson license.

power of attorney

Legal document that gives individuals the right to sign legal documents for another. In Virginia, a specific power of attorney is generally preferred for real estate transactions, rather than a general power of attorney. The power of attorney must be notarized and recorded with the deed.

power of sale clause

A clause in the deed of trust which gives the trustee the right to sell the property (foreclosure) without going to court.

prepaid rent

Rent paid more than one month
in advance of the rent due date

principal broker

In a brokerage, the broker who is responsible for all the activities of both the firm and all its licensees.

principle of uniformity

All property shall be levied at fair market value and shall be uniform upon the same class of subjects within the territorial limits of the authority levying the tax (i.e., residential, commercial).

promissory note

A financing instrument that states the terms of the underlying obligation, is signed by its maker, and is negotiable (transferable to a third party).

property management agreement

A written agreement between a property manager and the owner of real estate for the management of the real estate.

public offering statement

Written document providing a full property disclosure to purchasers. The sale of a cooperative, a condominium, or a time-share requires the POS to fully and accurately disclose the characteristics of the project. Additionally, the Virginia Property Owners Association Act may require the use of the POS.

purchase-money financing

A note secured by a mortgage or deed of trust given by a buyer, as borrower, to a seller, as lender, as part of the purchase price of the real estate.

qualified residential mortgage
(QRM)

Loan terms and practices that regulatory agencies have determined are less likely to end up in default; meets standards set by Consumer Financial Protection Bureau.

reasonable accommodation

Changes to existing rules and procedures that may be needed in order for the tenant to enjoy full use of the dwelling place.

recordation tax

Tax the purchaser pays on the
transfer of property

referral agent

A real estate licensee who does not engage in real estate activities such as listing and selling property.

resale certificate

In the event of an intended resale, the seller must obtain certain documents from the unit owners' association.

respondent

The person or entity who is being accused in a complaint filed alleging violation of Virginia Fair Housing Law.

retaliation

Conduct by landlord such as
rent increase, a decrease in
service, or termination of the
lease.

"run with the land"

The owner is responsible for paying real estate taxes for the current tax year from the date of purchase until the end of the year. In Virginia, the buyer is said to own the property on the date of closing or settlement.

salesperson

Any person, other than an associate broker, who acts on behalf of a real estate broker in performing any act authorized to be performed by the broker in this unit.

service animal

Trained animals that perform tasks to assist people with disabilities.

settlement agent

Either an attorney or a title company; must be registered with the Virginia State Bar, carry errors and omissions or malpractice insurance at a minimum of \$250,000, and maintain a surety bond of not less than \$100,000.

short sale

When a lender agrees to accept less than the amount due on the mortgage note.

sole proprietorship

Business ownership by an individual in which all profits and losses are reported through personal tax returns.

special assessment

A tax or levy customarily imposed against only those specific parcels of real estate that will benefit from a proposed public improvement like a street or sewer.

specific power of attorney

Certain limits are imposed upon
the person appointed.

standard agent

a licensee who acts for or
represents a client in an agency
relationship

statute of frauds

That part of a state law that requires certain instruments, such as deeds, real estate sales contracts, and certain leases, to be in writing to be legally enforceable.

stigmatized property

A property that has acquired an undesirable reputation due to an event that occurred on or near it, such as violent crime, gang-related activity, illness or personal tragedy. Some states restrict the disclosure of information about stigmatized properties.

structural defects

A flaw that reduces stability or safety of the structure below accepted standards or that restricts the normal use of the structure.

subdivision plat

A map of a subdivision
indicating the location and
boundaries of individual
properties.

subrogate

Permitting action against the licensee to recover the amount of claims paid due to the licensee's misconduct.

tacking

Concept providing that successive periods of continuous occupation by different parties may be combined to reach the required total number of years needed to establish a claim for a prescriptive easement.

tenancy by the entirety

The joint ownership, recognized in some states, of property acquired by husband and wife during marriage. Upon the death of one spouse, the survivor becomes the owner of the property.

tenancy in common

A form of co-ownership by which each owner holds an undivided interest in real property as if each were sole owner. Each individual owner has the right to partition. Unlike joint tenants, tenants in common have the right of inheritance.

tenancy in partnership

A partner is co-owner with the other partners of real property.

testate

Having made and left a valid
will.

testator

A person who has made a valid will. A woman often is referred to as a testatrix, although testator can be used for either gender.

time-share

A form of ownership interest that may include an estate interest in property and that allows use of the property for a fixed or variable time period.

title examination

Review information specific to the title condition of the property, such as any unrealized deeds, existing title insurance policies, and any known unrecorded deed, lien, or encumbrance information.

title insurance

A policy insuring a property owner or mortgagee against loss by reason of defects in the title to a parcel of real estate, other than encumbrances, defects, and matters specifically excluded by the policy.

title theory

Some states interpret a mortgage to mean that the lender is the owner of mortgaged land. Upon full payment of the mortgage debt, the borrower becomes the landowner.

trustee

One to whom something is entrusted and who holds legal title to property and administers the property for the benefit of a beneficiary. Can also be member of a board entrusted with the administration of an institution or organization, such as a cooperative.

unlawful detainer warrant

The landlord may begin eviction proceedings immediately after issuing this warrant. The tenant remains obligated to pay the rent.

unsecured debts

Not secured by real property,
for instance, credit card debt.

usury

Charging interest at a higher rate than the maximum rate established by state law.

vendor's lien

A lien that belongs to a vendor for the unpaid purchase price of land, where the vendor has not taken any other lien or security beyond the personal obligation of the purchaser.

walk-thru inspection

Purchaser makes final
inspection of premises before
settlement.

will

A written document, properly witnessed, providing for the transfer of title to property owned by the deceased, called the testator.

writ of execution

A court order issued to enforce a judgment of possession.

writ of possession

A court ordered judgment
where a debtor's real property
may be conveyed to a sheriff.