



Florida

# Key Terms

# Course

## Key Terms

Key term	Definition	Level, Chapter
<b>absentee owner</b>	a property owner who does not occupy the property in question and therefore often utilizes a property manager's services	L1, C4
<b>abstract of title</b>	an abbreviated history of a property, including information on any transfers, grants, wills, conveyances, liens, and encumbrances	L9, C5
<b>acceleration clause</b>	a clause in a security instrument (mortgage/deed of trust) which makes the entire loan amount due immediately upon default	L12, C4
<b>acknowledgment</b>	a party's notarized profession that they are signing a document voluntarily	L9, C2
<b>active</b>	describes a license that is current, in good standing, and signifies that the license holder meets all the requirements to practice real estate	L3, C3
<b>actual notice</b>	when an individual actually knows of a fact	L9, C5
<b>ad valorem</b>	taxes based on the assessed value of a property	L18, C1
<b>adjudication withheld</b>	when a court stays the imposition of a sentence and instead puts the defendant on probation	L2, C3
<b>adjustable rate mortgage (ARM)</b>	A mortgage with an interest rate that can be adjusted based on fluctuations in the cost of money	L13, C3
<b>adverse possession</b>	involuntary transfer of title from an owner who does not use or inspect their land for a number of years to another person who has some claim to the land and takes possession	L9, C1
<b>agent</b>	an individual with authority to act on behalf of another; a state license is required to operate as an agent in real estate	L4, C1
<b>alienation</b>	the transfer of ownership (title) to real property. Alienation may be voluntary or involuntary	L9, C1
<b>amortized mortgage</b>	a mortgage with equal monthly payments that contribute to both principal and interest until the entire loan is paid	L13, C2
<b>appraisal</b>	an official valuation given to a property by a licensed appraiser	L1, C5; L16, C2
<b>appraiser</b>	an individual who is trained and licensed to perform appraisals, or officially estimate the value of real property	L1, C5
<b>appreciation</b>	the increase in value of a property	L17, C1
<b>arbitration</b>	a process whereby the parties to a dispute present their conflict to a disinterested third party and honor the third party's binding judgment	L5, C4
<b>arrears</b>	A payment that occurs at the end of a period to compensate for charges accrued during that time.	L14, C2

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## Key Terms (continued)

<b>asbestos</b>	a naturally occurring mineral fiber that is commonly used in insulation, but if airborne or inhaled, can cause severe respiratory health issues	L19, C3
<b>assemblage</b>	the combining of multiple contiguous pieces of real property into a single tract of land, often resulting in an increase in value	L16, C1
<b>assessed value</b>	the value of a property based on the value of other properties in the area, plus any improvements made to the home since purchasing it; can also take into account various property traits like location, size, condition, materials, square footage, year built, etc.	L18, C1
<b>assessment limitation (save our homes benefit)</b>	limits how much the assessed value of a homesteaded property can increase per year; also known as the Save Our Homes amendment to the Florida Constitution	L18, C1
<b>asset</b>	item of value	L17, C1
<b>assignment</b>	the transference of rights and obligations in a contract from one party to another	L11, C6 L9, C10
<b>assumption</b>	the process of transferring the obligation of the mortgagor to another party who takes over the responsibility to pay the note.	L12, C7
<b>attorney-in-fact</b>	a representative with power of attorney for another individual	L11, C2
<b>automated valuation models</b>	A computerized valuation of a property that takes into account comparables, tax assessors, nationwide market values, and sales history	L16, C6
<b>balloon payment</b>	A payment at the end of a loan period which includes the total outstanding balance of the loan	L13, C5
<b>baseline</b>	a parallel used in reference to a meridian to identify ranges, tiers, and townships in the government survey method of land description	L10, C2
<b>basis</b>	the cost of purchasing a property plus the cost of any improvements, minus the amount of depreciation	L17, C1
<b>benchmark</b>	permanent marker of known location and elevation above sea level as established by a government survey team (such as the USGS)	L10, C1
<b>bilateral contract</b>	a contract wherein both parties are obligated to perform in an exchange of promises	L11, C4
<b>biweekly mortgage</b>	A loan repayment plan where the borrower pays biweekly as opposed to monthly, saving the borrower on interest payments	L13, C5
<b>blanket mortgage</b>	a loan for which more than one collateral property acts as security	L12, C7
<b>blind advertisement</b>	an ad in which a license holder attempts to promote or solicit real estate activity without disclosing the fact that they are a license holder	L5, C2

# Course

## Key Terms (continued)

<b>blockbusting</b>	the illegal act of causing owners to sell their homes by creating fear that members of a protected class are moving into the area	L7, C1
<b>breach of trust</b>	the breaking of a promise or obligation, and can be done through action, omission, default, or nonperformance	L6, C1
<b>broker</b>	A person or business entity who is licensed to represent one of the parties in a real estate transaction in exchange for a commission or other valuable consideration	L2, C2
<b>broker associate</b>	an individual who meets the licensure requirements to be a real estate broker but provides real estate brokerage services as an independent contractor to a real estate broker	L2, C2
<b>broker price opinion (BPO)</b>	a broker's opinion of the value of a piece of real property, given in writing	L1, C5
<b>buffer zone</b>	an area of land that separates two different land uses	L19, C1
<b>building code</b>	set of regulations pertaining to building design, materials, safety, sanitation, and structure	L19, C1
<b>building inspection</b>	an assessment of a building site in which an inspector ensures that building code is followed	L19, C1
<b>building permit</b>	permit that is issued after approval of the architecture and engineering drawings for a new building	L19, C1
<b>business opportunity</b>	a real estate transaction involving a business that already exists and includes both tangible and intangible assets	L1, C3
<b>buydown</b>	the paying of money upfront to reduce a loan's interest rate and monthly payments	L12, C6
<b>buyer's market</b>	the condition of having fewer buyers than the supply of homes for sale in an area	L15, C3
<b>canceled</b>	describes a license that has become null and void because the licensee voluntarily chose to relinquish it	L3, C3
<b>capital gain (loss)</b>	the increase or decrease in the value of an asset	L17, C1
<b>capital gains</b>	the increase in the value of an asset; offset by the capital gains exemption in the sale of a principal residence	L18, C2
<b>cash flow</b>	the cash that an investment generates after accounting for the operating expenses, debt service, and taxes associated with the enterprise	L17, C1
<b>caveat emptor</b>	the concept that a buyer is responsible for verifying the quality and value of the goods prior to the purchase	L2, C1; L4, C1
<b>cease to be in force</b>	describes a license that is not active due to a failure to notify the Florida Real Estate Commission of an important change, such as a change in employer or address	L3, C3
<b>certificate of occupancy</b>	legal document from a local authority that authorizes a building to be occupied; issued after the building has passed all required inspections	L19, C1

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## Key Terms (continued)

<b>chain of title</b>	the entire chronological record of a property's ownership	L9, C5
<b>check</b>	a square 24 miles on each side created by intersecting guide meridians and correction lines	L10, C2
<b>citation</b>	issued for a minor violation and can be disputed by the subject of the complaint; fines range from \$100 to \$500	L6, C3
<b>Civil Rights Act of 1866</b>	a federal law that prohibits discrimination in housing based on race or color; became enforceable after Jones v. Mayer (1968)	L7, C1
<b>commingle</b>	the illegal act of mixing personal funds with a client's funds	L5, C4; L6, C1
<b>community development district (CDD)</b>	a special district empowered to levy assessments on property owners to fund infrastructure and other projects	L8, C6; L18, C1
<b>comparative market analysis (CMA)</b>	a report that compares the prices of recently sold or listed homes ("comparables") in order to estimate the market value of a similar property (the "subject property") located in the same area	L1, C5; L16, C6
<b>compensation</b>	any valuable consideration directly or indirectly paid or promised, expressly or impliedly	L2, C2
<b>competent</b>	having the requisite ability, knowledge, or skill to do something successfully; a party's legal competency is required to enter into a valid contract	L11, C2
<b>complaint</b>	a claim against a real estate professional for an alleged violation	L6, C2
<b>concealment</b>	withholding information or a material fact	L6, C1
<b>concurrency</b>	a provision from Florida's Growth Policy Act requiring that certain infrastructure (sanitary sewers, potable water, and waste treatment facilities) be in place before any new development is permitted	L19, C1
<b>condemnation</b>	the legal process through which the government seizes land from a property owner	L9, C6
<b>condominium</b>	property where each owner has a separate interest in their own unit and undivided interest in the common areas	L8, C6
<b>conflicting demands</b>	opposing, unresolvable demands made by the buyer and seller in a transaction regarding escrowed property disbursement	L5, C4
<b>conforming loan</b>	a loan that meets the standards of purchase for Fannie Mae and Freddie Mac	L13, C1
<b>consent to transition</b>	the disclosure notice the broker must have the client sign before a change in the agency relationship from single agent to transition broker can occur	L4, C6
<b>construction lien</b>	a mechanic or materialman's right to impose a lien upon a property if the property owner fails to pay for materials or work done on the property, a.k.a. mechanics, materialman's, or laborer's lien	L9, C9

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## Key Terms (continued)

<b>constructive notice</b>	when a property's ownership is recorded publicly, so everyone can know the contents of recorded documents	L9, C5
<b>contract</b>	a legally enforceable and binding agreement between parties wherein a promise to do or not do something is given in exchange for consideration	L11, C1
<b>contract for deed (land contract)</b>	a sales contract in which the buyer pays the seller for the property in multiple installments for a predetermined length of time, and the seller holds the title until the property has been fully paid for; also known as an installment sales contract or land contract	L12, C7
<b>conversion</b>	a license holder's personal use or misuse of money belonging to others	L5, C4; L6, C1
<b>cooperative</b>	property where each owner owns shares in a corporation that owns a building, then has a proprietary lease for their unit	L8, C6
<b>corporation (INC)</b>	a legally created business entity representing the interests of more than one person	L5, C6
<b>cost-depreciation approach</b>	method of estimating the value of a property by determining how much it would cost to replace the building or other improvements, minus the cost of depreciation, plus the value of the land itself	L16, C4
<b>credit</b>	sum of money that is received	L14, C2
<b>culpable negligence</b>	negligent conduct that is not intentional but involves a disregard of the consequences that will likely result	L11, C14
<b>culpable negligence</b>	negligent conduct that is not intentional but involves a disregard of the consequences that will likely result	L6, C1
<b>curable</b>	depreciation that can be fixed and that the cost of doing so would be reasonable	L16, C4
<b>current</b>	not expired	L3, C3
<b>customer</b>	an individual with whom a license holder has no fiduciary relationship but to whom accounting, honesty and fairness, and disclosure of not readily observable material facts about a property are still required	L4, C1
<b>datum</b>	a designated base reference point to elevation used by surveyors to determine the elevations of land or property in an area	L10, C1
<b>debit</b>	sum of money that is owed	L14, C2
<b>debt service</b>	amount of money needed for a specific time period in order to cover the payment of principal and interest portions on a loan	L18, C2
<b>declaration</b>	the legal document that, once filed, creates a condominium; in Florida one of the required condo documents	L8, C6



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## Key Terms (continued)

<b>dedication</b>	a gift of land to the government for public use, gifted by the property owner	L1, C6
<b>deed</b>	the legal document that transfers real estate title from one party to another	L9, C1
<b>deed in lieu of foreclosure</b>	an alternative to foreclosure in which the defaulting borrower voluntarily transfers the property title to the lender and the borrower cancels the foreclosure	L12, C8
<b>deed restriction</b>	a provision in a deed that restricts the land use of a property	L9, C2
<b>defeasance clause</b>	a clause in a security document that indicates that the loan has been satisfied and that either the title will be conveyed to the borrower or the lien on the borrower's title will be removed	L12, C3
<b>demand</b>	a measure of the general desire for an asset or commodity at a given time	L15, C2
<b>deposit</b>	a payment made from one party to another that shows a sincerity to fulfill the transaction, a.k.a. binder deposit or good-faith deposit	L5, C4
<b>depreciation</b>	a reduction in value for any reason	L16, C4
<b>designated sales associate</b>	sales associates designated by the broker to serve as single agents for the parties in an in-house nonresidential transaction at the request of the parties	L4, C8
<b>discount points</b>	a loan fee that is one percent of the loan; lenders can charge borrowers for points for a variety of reasons, including underwriting, processing applications, or for a lower interest rate	L12, C6
<b>disintermediation</b>	the process of money flowing out of banks	L13, C1
<b>dual agent</b>	the role of a licensee in an in-house transaction where the brokerage offers both parties fiduciary level representation; illegal in Florida	L4, C1
<b>due on sale clause</b>	a clause in the mortgage contract that triggers the right of the lender to demand payment in full of the loan upon the sale or conveyance of the property	L12, C4
<b>earnest money</b>	funds paid to confirm or commit to a contract	L5, C4
<b>easement</b>	an interest in, or a right to use, another individual's land or property, generally for a specific, limited purpose	L9, C8
<b>economic life</b>	the length of time for which an improvement on property is expected to remain functional and useful	L16, C4
<b>eminent domain</b>	the power of government to seize private property for public use; government must pay property owner just compensation for exercising power	L9, C1
<b>encroachment</b>	physical property that crosses the boundary into a neighboring landowner's property	L9, C8

# Course

## Key Terms (continued)

<b>environmental impact statement</b>	a report prepared for a real estate holding that identifies potential or existing environmental contamination liabilities	L19, C4
<b>equity</b>	the portion of a property's total value owned outright by the holder to title	L12, C6; L17, C1
<b>equity of redemption</b>	a borrower in default's right to pay an entire mortgage (plus fees) and regain the property before foreclosure	L12, C8
<b>escheat</b>	the legal doctrine by which the decedent's property will pass to the state without their consent if that individual dies without a will, a surviving spouse, lineal descendants, or other known heirs	L9, C4
<b>escrow</b>	the account where a lender holds a borrower's prepaid insurance and property tax payments before the lender makes the payment on behalf of the borrower	L12, C6
<b>escrow account</b>	accounts that allow for a process in which funds and/or financial documents are held by a disinterested third party on behalf of the other two parties in the real estate transaction until specific conditions are satisfied	L5, C4
<b>escrow disbursement order (EDO)</b>	the FREC's decision regarding who should receive disputed escrow funds held in a brokerage escrow account	L5, C4
<b>estate for years</b>	a lease with a specific starting and ending date, also called a tenancy for years	L8, C5
<b>estoppel certificate</b>	a written statement certifying the specifics of a mortgage; used during loan assumption	L12, C2
<b>exclusive-agency listing</b>	an agreement in which the seller has an exclusive relationship with a broker but retains the right to sell the property themselves	L11, C8
<b>exclusive-right-of-sale listing</b>	an agreement in which the seller guarantees the named broker a commission if the property is sold, regardless who procures the buyer	L11, C8
<b>exempt properties</b>	properties that belong to churches and nonprofits; may be subject to taxes, but the property owner is not obligated to pay them	L18, C1
<b>exempt property</b>	a property that has been homesteaded	L8, C4
<b>expungement</b>	removing a criminal record and destroying it	L2, C3
<b>failure to account or deliver</b>	the failure to deliver personal property (such as money, legal documents, or commission) to the person entitled to receive it	L6, C1
<b>Fair Housing Act of 1968</b>	a federal law that prohibits discrimination in housing based upon race, color, religion, or national origin and was amended to include sex, disability, and familial status	L7, C1



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## Key Terms (continued)

<b>familial status</b>	under the Fair Housing Act, a protected class composed of families who have children under 18, pregnant women, and people in the process of obtaining legal custody of a child	L7, C1
<b>farm area (target market)</b>	a specific area a real estate associate chooses to specialize and become an expert in	L1, C3
<b>federally related transaction</b>	a real estate transaction that involves a government agency in its financing	L16, C2
<b>fee simple estate</b>	Maximum ownership of real property; also called a fee or a fee simple absolute and is of indefinite duration, freely transferable, and freely inheritable	L8, C4
<b>fiduciary</b>	an individual upon whom is placed the highest levels of trust and confidence when acting on behalf of another	L4, C1
<b>final order</b>	FREC's final decision on innocence or guilt and decision on what penalties (if any) are to be administered	L6, C2
<b>fixture</b>	an object that was once personal property but is now firmly attached to the land in such a way that it is considered to be real property	L8, C2
<b>Florida resident</b>	a person who has resided (regardless of whether the place or base of residence is a recreational vehicle, hotel, rental unit, or any other temporary or permanent situs) in Florida, continuously for a period of 4 calendar months or more, within the preceding one year	L2, C3
<b>follow-up</b>	the contact a sales associate makes with a buyer or seller after closing a real estate transaction	L1, C3
<b>formal or administrative complaint</b>	contains allegations of fact against a licensee; filed if probable cause is found	L6, C2
<b>fraud</b>	the wrongful or criminal deception intended to result in financial or personal gain	L6, C1; L11, C14
<b>freehold estate</b>	a form of ownership with an indeterminate length	L8, C4
<b>further assurance</b>	a protection in which a grantor assures that, in the future, they will sign and deliver any conveyance tools needed to obtain a clear title	L9, C3
<b>general agent</b>	an agent who is authorized to manage all of a principal's affairs within certain specified areas; enjoys broader authority than that of a special agent but less than that of a universal agent	L4, C2
<b>general partnership</b>	a business entity consisting of two or more parties in which all co-owners actively share power, responsibilities, and profit	L5, C6

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## Key Terms (continued)

<b>general warranty deed</b>	a deed containing the strongest and broadest form of guarantee of title	L9, C3
<b>going concern value</b>	the value of a business including intangible assets like goodwill	L17, C3
<b>good-faith doubt</b>	a doubt that is honest, honors the business contract, is free of fraudulent motive, and implies an intent to fulfill the contract	L5, C4
<b>goodwill</b>	an intangible asset of a business that includes the company's brand, good name, and loyal customer base	L17, C3
<b>government survey system</b>	a system of legal land description that uses the global lines of longitude and latitude to create a surveyed grid of meridians, base lines, townships, and ranges to describe a piece of land	L10, C2
<b>grantee</b>	the person who receives a conveyance of real property in a transaction	L9, C1
<b>granting clause</b>	section of a deed identifying the property to be conveyed, the grantor, the grantee, and the grantor's promise to transfer title to the grantee, a.k.a. words of conveyance	L9, C2
<b>grantor</b>	the person who conveys real property in a real estate transaction	L9, C1
<b>gross income multiplier (GIM)</b>	the ratio of the price of investment property to its annual rental income and other forms of income before considering expenses like taxes and insurance, etc	L16, C4
<b>gross lease</b>	lease in which the tenant will be responsible for the payment of a fixed monthly charge, while the landlord is responsible for paying all operating expenses, a.k.a. full service lease	L9, C10
<b>gross rent multiplier (GRM)</b>	the ratio of the price of investment property to its annual rental income before considering expenses like taxes and insurance, etc	L16, C5
<b>ground lease</b>	the lease of bare, undeveloped land, a.k.a. land lease	L9, C10
<b>group license</b>	a license that allows a sales associate or broker associate to conduct real estate transactions for multiple entities owned by the same owner-developer	L3, C3
<b>habendum clause</b>	a clause within a deed that clarifies the type and extent of interest conveyed by the granting clause	L9, C2
<b>handicap status</b>	having a physical or mental impairment that substantially limits one or more major life activities, having the record of such impairment, or being regarded as having such an impairment; also known as disability status	L7, C4
<b>health ordinance</b>	regulations that control the sanitation and maintenance of public spaces	L19, C1
<b>highest and best use</b>	the use of a property which is legal, physically possible, financially viable, and produces the greatest yield	L16, C1
<b>home equity loan</b>	A loan in which funds are borrowed using the homeowner's equity for collateral; the funds can be used for any purpose	L13, C5

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## Key Terms (continued)

<b>homeowner association (HOA)</b>	a corporation responsible for the operation of a development and with the power to charge fees and levy assessments; membership is mandatory	L8, C6
<b>homestead</b>	a legal life estate that protects a homeowner from loss of their principal residence from the claims of most creditors and require both spouses to execute any instruments of conveyance; in Florida it also includes tax exemptions	L8, C4
<b>household</b>	any person or group of persons occupying a separate housing space	L15, C2
<b>hypothecation</b>	the pledging of an asset as collateral to secure a loan without delivery of title, possession, or other ownership rights	L12, C2
<b>immune properties</b>	city, county, state, and federal government properties; do not get assessed, and the property owner does not have to pay property taxes	L18, C1
<b>inactive</b>	a temporary, correctable status describing a license that does not enable the licensee to engage in any professional real estate activities	L3, C3
<b>income approach</b>	method of estimating the value of a property by applying a rate of return to the net income it produces	L16, C5
<b>incurable</b>	depreciation that cannot be fixed and that the cost of doing so would be unreasonable	L16, C4
<b>index</b>	the benchmark rate that an ARM is tied to	L13, C4
<b>installment sale</b>	buyer pays the seller for a property in pre-determined chunks for a pre-determined length of time, and the seller holds the title until the property has been fully paid for; also known as contract for deed	L18, C2
<b>interest</b>	additional money paid to a lender for the use of their money	L12, C5
<b>intermediation</b>	the facilitation by a third party of a financial transaction between two parties	L13, C1
<b>interpleader</b>	a court procedure meant to resolve a dispute when a party holds funds they know they do not own, but to which multiple other parties lay claim	L5, C4
<b>intestate</b>	the name for conditions in which the owner of a property dies without having left a valid will	L9, C4
<b>involuntarily inactive</b>	describes a license that is inactive due to either a failure to meet renewal requirements or the lack of an employing broker	L3, C3
<b>joint tenancy</b>	co-ownership in which the parties have an equal and undivided interest in the property; includes the right of survivorship rather than inheritance	L8, C3
<b>just value</b>	the fair and reasonable value according to objective valuation methods; corresponds to market value	L18, C1

# Course

## Key Terms (continued)

<b>kickback</b>	a payment made to a licensee for a service unrelated to the real estate transaction or a service that does not fall under the responsibility of the licensee	L5, C5
<b>land</b>	the surface of the earth, including all permanently attached natural features, extending downwards to the center of the earth and upwards to infinity	L8, C1
<b>land development loans</b>	loans given to developers to put infrastructure on land slated for new development	L12, C7
<b>leasehold estate</b>	an interest in the occupation of a property, established through a lease, a.k.a. non-freehold or less-than-freehold	L8, C5
<b>legal description</b>	a description of a property that is distinct and precise enough to distinguish it from all other properties	L10, C1
<b>legally sufficient</b>	contains ultimate facts about an alleged violation; one of two criteria for a complaint to be investigated	L6, C2
<b>level payment plan</b>	repayment plan mortgage where monthly payments stay consistent throughout the life of the loan	L13, C3; L14, C2
<b>leverage</b>	the use of a financial instrument or borrowed money to increase a return on investment	L17, C2
<b>license</b>	a license is granted when an applicant passes the state exam	L2, C3
<b>license authority voided</b>	license has been canceled and is no longer in use	L3, C3
<b>lien</b>	the claim made by a creditor against real or personal property pledged by a debtor as collateral	L9, C9
<b>lien theory</b>	employing security instruments that allow the borrower to retain title while the lender places a lien on the property to secure the loan	
<b>life estate</b>	a type of estate limited to the duration of a measuring life	L8, C4
<b>lifetime cap</b>	the maximum increase of interest over the life of the loan	L13, C4
<b>like-kind exchange</b>	the tax-deferred sale or exchange of one investment property for another similar one	L18, C2
<b>limited liability company (LLC)</b>	a business entity in which parties are protected against personal liability for business debts	L5, C6
<b>limited liability partnership (LLP)</b>	a business entity in which parties are protected from some liabilities while retaining other liabilities	L5, C6
<b>limited partnership</b>	a business entity composed of both general and limited partners; the general partners manage the business and assume most of the risk, while the limited partners are passive investors with limited risk	L5, C6

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## Key Terms (continued)

<b>limited representation</b>	the degree of representation provided by a transaction broker in Florida; is more than what a party receives with nonrepresentation but less than the fiduciary level representation of a single agent	L4, C5
<b>liquidated damages</b>	damages established by the contract to be paid as compensation in the event of default	L11, C6
<b>liquidation analysis</b>	a business appraisal strategy that assigns a value to a business being liquidated — it sets the value of any resellable assets against the cost of paying preferred stockholders and any other liabilities	L17, C3
<b>liquidity</b>	the relative difficulty of converting an asset to cash without loss of value	L17, C1
<b>lis pendens</b>	a document recording at the courthouse giving notice that a lawsuit is pending on a particular piece of property	L12, C8
<b>litigation</b>	the legal process of resolving a dispute in court that involves an interpleader or declaratory judgment	L5, C4
<b>loan origination fee</b>	a fee charged to a borrower by a lender or loan originator for creating the loan	L12, C6
<b>loan servicing</b>	taking payments and doing other administrative tasks for loans; a way for lenders to make additional money	L12, C6
<b>loan-to-value ratio</b>	the amount of money being loaned compared to the value of the property	L12, C6
<b>lot and block</b>	a system of legal land description that identifies a piece of platted property by referring to the section, lot, and block numbers in a subdivision	L10, C1
<b>margin</b>	a fixed percentage above the index which the borrower will pay	L13, C4
<b>market value</b>	The price for which a property will theoretically sell under typical conditions	L16, C1
<b>material fact</b>	a fact that, if known, could cause someone to take a different course of action or make a different decision regarding the property to be purchased	L6, C1
<b>mediation</b>	an informal negotiation held by an independent third party to settle a dispute such as conflicting demands	L5, C4; L6, C2
<b>meeting of the minds</b>	the fully agreed-upon exchange of promises by the parties to a contract; also known as mutual agreement or mutual assent	L11, C2
<b>metes and bounds</b>	a land survey process in which a licensed land surveyor starts at a readily identifiable point of beginning and defines the boundaries of a property in terms of distances and compass directions, finally returning to the point of beginning	L10, C1

# Course

## Key Terms (continued)

<b>mill</b>	1/1000 of a dollar, or \$0.001; used to express tax rate in Florida	L18, C1
<b>MIP</b>	a borrower-paid insurance required for FHA loans, in order to insure lender in case of borrower default/foreclosure	L13, C6
<b>misrepresentation</b>	a statement, written or spoken, that is false or misleading	L6, C1
<b>MLS</b>	a database in which local member brokers share listings so other brokers can easily find buyers for those properties and establish compensation expectations for properties sold jointly (multiple listing service)	L1, C3
<b>monument</b>	a fixed landmark, whether natural or human-made, used as a reference point in a metes and bounds legal description	L10, C1
<b>moral turpitude</b>	conduct that goes against justice, honesty, good morals, or custom; also depraved, base behavior	L6, C1
<b>mortgage</b>	a legal agreement between a creditor and borrower in which the creditor lends money with interest to the borrower for the purchase of property with the condition that the creditor takes ownership of the title if the borrower defaults in repayment of the loan	L12, C2
<b>mortgage broker</b>	a licensed professional who originates mortgage loans that are then financed by a lender	L13, C1
<b>mortgage fraud</b>	when a borrower deceives a lender (for their own gain)	L13, C8
<b>mortgage loan originator</b>	the various businesses that create home loans in the primary mortgage market	L13, C1
<b>mortgagee</b>	the lender of the funds in a loan	L12, C2
<b>mortgagor</b>	the borrower of the funds in a loan	L12, C2
<b>multiple licenses</b>	two or more licenses held by a single broker who conducts multiple business entities at the same time	L3, C3
<b>negative amortization</b>	Occurs when loan payments are not sufficient to cover the interest due, causing the unpaid interest to be added to the principal balance, creating a larger balloon payment	L13, C2
<b>net leases</b>	a lease in which the tenant pays a base rent rate plus all or part of the operating expenses	L9, C10
<b>net listing</b>	an agreement in which the seller names a minimum sales price they will accept for a property, with any excess paid to the broker as commission	L11, C8
<b>nolo contendere (no contest)</b>	a plea where a defendant does not admit guilt to a crime they are accused of, but do accept punishment as though they have been found guilty	L2, C3
<b>nonconforming loan</b>	a loan that does not fit Fannie Mae or Freddie Mac guidelines	L13, C1
<b>nonconforming use</b>	type of land use that occurs when a property was operating within zoning law, but then the law changed in a way that prohibits the established use	L19, C1



# Course

## Key Terms (continued)

<b>nonrepresentation</b>	also known as a no brokerage relationship, is one of Florida's three authorized brokerage relationships; used when a buyer or seller of real estate opts out of representation	L4, C4
<b>note</b>	a negotiable financial instrument that is evidence of a debt and a promise to pay that debt; often referred to as a promissory note	L12, C2
<b>notice of noncompliance</b>	issued by the DBPR for a first-time, minor violation by a licensee	L6, C3
<b>novation</b>	a mutual agreement of the parties to replace an existing contract with a new one — often because there is also an agreement to substitute one party for another in the new contract; results in transference of rights and obligations from assignor to assignee	L11, C6; L12, C7
<b>null and void</b>	lacking legal or binding force; invalid	L3, C3
<b>open listing</b>	a nonexclusive listing agreement that gives multiple brokers (and seller themselves) the right to sell the property	L11, C8
<b>option contract</b>	a unilateral contract that gives the optionee a window of opportunity during which they can exercise an exclusive right to buy or lease a property; an option fee is paid for this right	L11, C13
<b>ostensible partnership</b>	the appearance that a partnership exists between two parties even though no partnership was intentionally created	L5, C6
<b>over-improvement</b>	an improvement on a land in excess of the need	L16, C1
<b>package mortgage</b>	a loan that includes the real estate as well as all personal property and appliances installed on the premises	L13, C5
<b>partial release clause</b>	a clause that explains how a piece of collateral can be released (from a blanket loan)	L12, C7
<b>partially amortized/ balloon mortgage</b>	a loan with a short term, usually five or seven years, but with payments based on a longer term, creating a balloon payment at the end of the term	L13, C5
<b>payment cap</b>	the maximum monthly payment a borrower can be charged	L13, C4
<b>percentage lease</b>	type of (usually commercial) lease in which the tenant pays a base rent amount and a percentage of their business profits to the landlord	L9, C10
<b>periodic cap</b>	the maximum amount an interest rate can change between adjustment periods	L13, C4
<b>personal property</b>	an unattached, moveable asset not considered real estate, a.k.a. personalty; in business opportunity brokerage, the non-real property items being sold with the business	L8, C2; L17, C3
<b>PITI</b>	the components of a mortgage payment: principal, interest, taxes, and insurance	L12, C6

# Course

## Key Terms (continued)

<b>planned unit development</b>	a subdivision that includes residential dwellings along with nonresidential real estate, departing from normal zoning and subdivision regulations	L19, C1
<b>plottage</b>	An increase in overall value resulting from the successful assemblage of multiple plots	L16, C1
<b>point of beginning</b>	the starting point for a metes and bounds legal description	L10, C1
<b>point of contact information</b>	a brokerage's or an individual's contact information in an advertisement, such as relevant addresses or fax and telephone numbers	L5, C2
<b>police power</b>	the government right to regulate and restrict land use in order to protect the public; right includes the power to enforce zoning and building codes	L9, C6
<b>preclosing inspection</b>	a walkthrough done to make sure the property's condition hasn't changed and that the agreed-upon terms have been met by the selling party	L14, C1
<b>prepayment clause</b>	a clause in a mortgage that specifies whether there is a penalty for prepaying the loan	L12, C3
<b>prepayment penalty</b>	a fee charged to a borrower for prepaying a loan	L12, C3
<b>prima facie evidence</b>	evidence that in and of itself is sufficient to prove a fact	L2, C3
<b>principal</b>	in general usage, the client of an agent; in Florida real estate, the client of a single agent operating as a fiduciary; also, the amount borrowed in a loan from which interest is accrued	L4, C1, L14 C2
<b>principal meridian</b>	a meridian used in reference to a baseline to identify ranges, tiers, and townships in the government survey method of land description	L10, C2
<b>principle of substitution</b>	an economic principle stating that the value of a good or service is affected by the cost of getting a similar (substitute) item elsewhere	L16, C4
<b>probable cause</b>	reasonable grounds for prosecution	L6, C2
<b>professional association (PA)</b>	two or more individuals who come together as a business corporation to provide a professional service to others	L5, C6
<b>profit</b>	the amount of money received after taking into account costs and debts	L14, C3
<b>progression</b>	a bump in a property's value due to its proximity to properties of high value	L16, C1
<b>property management</b>	the vocation of renting or leasing someone else's real property on their behalf in exchange for compensation and in accordance with a property management employee contract	L1, C4

# Course

## Key Terms (continued)

<b>property report</b>	a document that contains all essential information about the property, such as distance over paved roads to nearby communities, number of homes currently occupied, soil conditions affecting foundations and septic systems, type of title a buyer will receive, and existence of liens; under the Interstate Land Sales Full Disclosure Act, developers of 25 or more lots must provide the prospective purchaser with a property report before they sign the contract	L7, C6
<b>proprietary lease</b>	a long-term and exclusive lease given to resident and stock owner of a cooperative	L8, C6
<b>proration</b>	The act of dividing or allocating expenses between buyers and sellers based on the actual period of usage of the item or service	L14, C2
<b>Prospectus</b>	a document prepared by a developer that summarizes what is in the condominium documents; required for condos with more than 20 units in Florida	L8, C6
<b>public accommodation</b>	facilities open to the public (such as hotels, restaurants, retail merchants, doctor's offices, golf courses, private schools, day care centers, health clubs, sports stadiums, movie theaters, etc.); under the Americans with Disabilities Act, individuals with disabilities cannot be denied access to public accommodations, public transportation, and commercial facilities	L7, C4
<b>purchase money mortgage</b>	instrument given by the purchaser to a seller who "takes back" a note for part or all of the purchase price	L13, C5
<b>quiet enjoyment</b>	a lessee's right to possess a property without interference from lessor, previous owner, or anyone else about the claim to the title	L9, C3
<b>quitclaim deed</b>	a type of deed that conveys any interest, title, or right to a parcel of land the grantor has at the time the deed is executed	L9, C3
<b>range</b>	the area of land between two consecutive range lines	L10, C2
<b>real estate</b>	the land plus all improvements made by man or nature	L8, C1
<b>real estate brokerage</b>	the businesses of overseeing, consummating, and completing real estate transactions and business by bringing together the parties to a transaction	L1, C2
<b>real estate services</b>	buying, selling, leasing, renting, auctioning, appraising, exchanging, negotiating for, or closing on real property or a business for compensation; advertising that you will do any of the aforementioned	L2, C2
<b>real property</b>	land from the surface to the center of earth and upward into space, including everything attached by man or nature as well as the bundle of legal rights of ownership	L8, C1

# Course

## Key Terms (continued)

<b>receivership clause</b>	a clause that allows a lender to take the income from an investment property that is in default and apply it to the mortgage	L12, C8
<b>recommended order</b>	issued by an administrative law judge to FREC; includes their findings and recommended penalty	L6, C2
<b>reconciliation</b>	the finding of a fair value using multiple appraised values, whether they be of different approaches or the same	L16, C3
<b>redlining</b>	the illegal act of a lender refusing to issue mortgages in a specific area	L7, C1
<b>registration</b>	registration is the process of submitting information to the DBPR	L2, C3
<b>regression</b>	a drop in a property's value due to its proximity to properties of low value	L16, C1
<b>remainderman</b>	the person who holds the remainder interest in a life estate	L8, C4
<b>replacement cost</b>	the actual cost of replacement without regard to depreciation of the property	L16, C4
<b>reproduction cost</b>	the cost of procuring exact copies of the building's components, preserving the styles and materials used at the subject property's original construction	L16, C4
<b>residential sale</b>	the sale of improved property of four units or fewer; unimproved property intended for the use of four units or fewer; or agricultural property of 10 acres or fewer	L4, C8
<b>reverse annuity mortgage</b>	a financial arrangement where a homeowner pledges equity to a lender in exchange for periodic payments of the pledged equity; essentially selling off equity in their home in exchange for monthly payments	L13, C5
<b>right of survivorship</b>	the statutory principle of survivorship tenancy that provides that when one co-owner dies, their ownership interest reverts to the surviving co-owners	L8, C3
<b>right to reinstate</b>	a borrower in default's right to pay the missing mortgage payments, interest, and fees and be reinstated in the loan	L12, C8
<b>risk</b>	the likelihood that an investment will fail to return or increase the initial investment	L17, C1
<b>sales associate</b>	a real estate license holder who is associated with a licensed broker for the purpose of performing real estate brokerage acts on the broker's behalf	L2, C2
<b>sales comparison approach</b>	Property appraisal method that estimates value by comparing the subject property to the sales prices of similar properties in the same market area	L16, C3
<b>satisfaction of mortgage</b>	when a mortgage loan is fully paid off	L12, C2
<b>sealing</b>	putting a criminal record under highly restricted access	L2, C3
<b>section</b>	one of 36 equal square miles in a township	L10, C2

# Course

## Key Terms (continued)

<b>seisin</b>	a protection in which the grantor states they hold the title conveyed in the deed, a.k.a. seizin	L9, C3
<b>seller's market</b>	a market condition in which the number of properties for sale does not meet the demand (number of people looking to buy)	L15, C3
<b>separate property</b>	property owned by a married person that is separate and not co-owned by their spouse	L8, C3
<b>short sales</b>	selling a property in default for less than the loan amount (with the lender's permission)	L12, C8
<b>single agent</b>	a broker who represents, as a fiduciary, either the buyer or seller but not both in the same transaction	L4, C6
<b>situs</b>	the economic significance of a property's location	L15, C1; L16, C1
<b>sole proprietorship</b>	ownership of a business by a lone individual	L5, C6
<b>special agent</b>	an agent with a limited scope of authority to act on behalf of their principal; usually towards a single, specific objective, end, or goal that is not ongoing	L4, C2
<b>special assessment</b>	additional taxes levied on the homeowners in a neighborhood or area to pay for improvements that benefit the people living there	L18, C1
<b>special exception</b>	a variance that allows an out-of-zone use that benefits the community	L19, C1
<b>special flood hazard area</b>	an area located in a 100-year floodplain that, in any given year, has at least a 1% chance of a flood event	L19, C2
<b>special-purpose property</b>	a property created with a special, and often limited, purpose in mind	L1, C3
<b>statute of frauds</b>	a law requiring certain types of contracts, including those conveying interest in real property, to be in writing to be enforceable	L11, C3
<b>statute of limitations</b>	a legal concept that establishes time limits for bringing certain kinds of legal actions	L11, C3
<b>steering</b>	the illegal act of guiding prospective home buyers toward or away from certain neighborhoods because of their membership in a protected class	L7, C1
<b>stipulation</b>	a settlement between parties as to the facts of the case and the penalty reached; must be approved by FREC to be effective	L6, C2
<b>subagency</b>	a form of agency that arises when an employing broker enlists the use of sponsored sales associates and/or sponsored associate brokers to accomplish a client's goal	L4, C1
<b>subdivided land</b>	the division of parcels of land into smaller units or lots; subdivisions containing less than 25 lots are exempt from the Interstate Land Sales Full Disclosure Act	L7, C6

# Course

## Key Terms (continued)

<b>subdivision plat map</b>	the proposed map of a to-be-developed subdivision indicating proposed lots, streets, and other important organizational information, created according to the layout of the existing parcel of real property	L1, C6
<b>subject property</b>	the property whose value is being determined	L16, C3
<b>subject to</b>	a mortgage where title is transferred but the seller retains the loan; done without a lender's consent	L12, C7
<b>sublease</b>	a tenant's transfer of part of their right of possession in a leased property to another person for a period of the lease term	L9, C10
<b>subordination agreement</b>	a contract that gives a mortgage recorded at a later date priority over a previously recorded mortgage	L12, C3
<b>subpoena</b>	a written order commanding a person to appear in court to give testimony or produce records, under penalty for failure	L6, C2
<b>summary/emergency suspension order</b>	issued when the serious nature of a violation justifies suspending a license holder prior to their hearing	L6, C2
<b>supply</b>	the amount of a product or service that is available for sale or lease at a given time	L15, C2
<b>survey</b>	the process and physical product of finding and measuring the boundaries of a piece of real estate, including the location of improvements, encroachments, and easements	L10, C1
<b>take-out commitment</b>	when a lender pledges to loan a developer money once a building project is completed	L12, C7
<b>tax rate</b>	the percentage of the value that is taxed; expressed in mills in Florida; used in property tax calculations	L18, C1
<b>tax shelter</b>	any strategy used to minimize the amount of taxable income and, therefore, reduce the taxes owed to the government	L17, C1
<b>taxable income</b>	the amount of income that can be taxed, after all deductions and any other adjustments have been made	L18, C2
<b>taxable value</b>	the assessed value of a home minus homestead exemptions; used in property tax calculations	L18, C1
<b>teaser rate</b>	the low initial interest rate of an ARM loan	L13, C4
<b>tenancy at sufferance</b>	a tenant's occupancy of a property beyond their lease's terms and without the landlord's consent, also called estate at sufferance	L8, C5
<b>tenancy at will</b>	a tenant's occupancy of a property with the landlord's consent	L8, C5
<b>tenancy by entireties</b>	ownership by a married couple; requires five unities including the unity of person	L8, C3
<b>tenancy in common</b>	co-ownership with individual, undivided interest in the property; includes rights of inheritance rather than survivorship	L8, C3
<b>terminus</b>	final point in space	L10, C1



# Course

## Key Terms (continued)

<b>testate</b>	the name for conditions in which the owner of a property dies having left a valid will	L9, C4
<b>tier</b>	the area of land between two consecutive baselines	L10, C2
<b>timeshare</b>	a form of co-ownership where each owner has use of the property at a different prescribed period of time, also known as interval ownership	L8, C6
<b>title</b>	the actual ownership of a real property that includes the bundle of rights in which a party may own a legal or equitable interest; not an actual document	L9, C1
<b>title theory</b>	conveying the title to the lender or, more commonly, to a third-party trustee (operating on behalf of the lender) for the life of the loan	L12, C2
<b>township</b>	a square area of land with sides of 6 miles each, consisting of 36 square-mile sections and identified in reference to a meridian and baseline in the rectangular survey system	L10, C2
<b>township line</b>	line that runs east-west every 6 miles	L10, C2
<b>trade name</b>	a person or business entity's unofficial or fictitious name	L5, C1
<b>transaction broker</b>	a broker who provides limited representation to a buyer, a seller, or both, in a real estate transaction, but does not represent either in a fiduciary capacity or as a single agent	L4, C5
<b>UFMIP</b>	the mortgage insurance premium of 1.75% the loan total charged to the borrower when an FHA loan is taken out	L13, C6
<b>unenforceable</b>	lacking the essential elements necessary to be legally binding and obligate performance of a valid contract	L11, C3
<b>Uniform Standards of Professional Appraisal Practice (USPAP)</b>	the generally recognized ethical and performance standards for the appraisal profession in the United States	L16, C2
<b>unilateral contract</b>	a contract wherein one party makes a promise and is obligated to perform if a second party chooses to accept the offer and perform in exchange for that which was promised	L11, C4
<b>USPAP</b>	an agency charged with overseeing, regulating, and promulgating real estate appraisals and appraisal practices (Uniform Standards of Professional Appraisal Practice)	L1, C5
<b>vacancy rate</b>	the percentage of rental units that are unoccupied	L15, C3
<b>valid contract</b>	a contract possessing the essential elements necessary to be legally binding and obligate performance	L11, C3
<b>valuation</b>	the process of collecting information and developing an opinion of value for real property	L16, C1
<b>variable lease</b>	a leasehold agreement in which the base rent changes according to the lease agreement	L9, C10

# Course

## Key Terms (continued)

<b>variance</b>	permission granted by the government so that property may be used in a manner not allowed by the current zoning	L19, C1
<b>void contract</b>	a contract lacking one or more of the essential elements, resulting in its having no legal effect	L11, C3
<b>voidable contract</b>	a contract wherein the wronged party has the option to perform, enforce, or void the contract	L11, C3
<b>voluntarily inactive</b>	describes a license that is inactive by choice; the licensee requests the status change from the DBPR	L3, C3
<b>voluntary relinquishment for permanent revocation</b>	the subject of a complaint voluntarily turns in their license and therefore avoids a hearing and other discipline; licensee can never practice real estate again	L6, C2
<b>warranty forever</b>	a protection in which a grantor promises to defend the grantee's title against any legal claim and promises to do so forever	L9, C3
<b>zoning ordinance</b>	local laws that control how land is used and what structures can be built in a designated district	L19, C1