

Glossary of Exam Terms

ABSTRACT OF JUDGMENT - a written summary of a court judgment.

ABSTRACT OF TITLE - a written summary of the chain of title.

ACCELERATION CLAUSE - any clause in a loan requiring the loan be paid off upon the occurrence of a certain event. An alienation clause is an example of an acceleration clause.

ACCESSION - the acquisition of property by its being added to other property.

ACCRETION - the process of gradual or imperceptible additions to land bordering a river or stream.

ACKNOWLEDGMENT - the declaration before a notary by a person who executed a document stating that he did in fact sign the document. A deed must be acknowledged to be recorded. Once acknowledged, it is accepted as prima facie evidence in court.

ACRE - 43,560 square feet, or 4,840 square yards, or about 209 feet by 209 feet (if square).

ACTUAL AUTHORITY - the authority that a principal actually confers on the agent.

ACTUAL GAIN (profit) - for income tax purposes, it is determined by subtracting the adjusted cost basis from the exchange value of a property.

ACTUAL NOTICE - when a person actually knows something, such as when an agent knows someone has taken possession of a property.

AD VALOREM (according to value) - a property tax is an ad valorem tax.

ADJUSTED COST BASIS - for income tax purposes, it is the cost basis plus capital improvements, plus existing assessment liens assumed by the buyer, minus depreciation, minus gain(s) deferred from prior transactions.

ADJUSTED SELLING PRICE - for income tax purposes, it is the selling price minus the expenses of the sale.

ADVERSE POSSESSION - acquiring title by five years of exclusive, notorious, and open possession of a property (contrary to the best interests of the true owner) under a claim of right or color of title. When property is acquired by adverse possession, a quiet title action would be used to perfect the title.

AGENCY - an agent is a person authorized to represent a principal in business dealings with other parties. Paying consideration is not required to create an agency relationship.

AGENCY DISCLOSURE LAW - California's Agency Disclosure law requires agents to disclose the common agency relationships in transactions concerning the sale or a lease for more than one year, of four or less residential units (including mobile homes), commercial properties and vacant land.

ALIENATE - to sell, transfer or convey. Both real and personal property may be alienated.

ALIENATION (DUE ON SALE) CLAUSE - an alienation clause in a loan requires the borrower to pay off the loan when the title is transferred. The opposite of alienation is acquisition.

ALL INCLUSIVE TRUST DEED (AITD, wrap-around trust deed, hold harmless trust deed, overriding trust deed) This is a junior lien that is subordinate to, yet includes, the liens to that it is subordinated. AITD's are commonly used with land contracts.

ALLUVION (Alluvium) - the soil deposited by accretion.

ALQUIST-PRIOLO ACT - requires the disclosure of earthquake fault lines on a map.

AMENITY PROPERTY - a home. Amenity properties are appraised by the Market Data Approach.

AMERICANS WITH DISABILITIES ACT (ADA) - the federal law that requires equal access to public buildings for handicapped persons.

AMORTIZATION - the liquidation of a financial obligation, such as a loan.

AMORTIZATION TABLES - used to determine monthly payments.

AMORTIZED INSTALLMENT NOTE - a promissory note that calls for periodic payments of both principal and interest.