

## **Glossary of Exam Terms**

**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 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 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 which is subordinate to, yet includes, the liens to which 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 which 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 which calls for periodic payments of both principal and interest.