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Real Estate Glossary

Real Estate

ABSTRACT

A written history of the title to a parcel of real estate as recorded in a Land Registry Office.

ACRE

A measure of land equalling 160 square rods, or 4,840 square yards, 43,560 square feet, or .4 hectares.

AGENT

One who is authorized by a principal to represent him/her in business transactions with a third party, in the real estate profession it refers to a licensed brokerage.

AGREEMENT for SALE

An agreement for the purchase of real property wherein the purchase price is paid in instalments and title is not conveyed to the purchaser until the purchase price is paid in full.

AGREEMENT OF PURCHASE AND SALE

A contract by which one party agrees to sell and another agrees to purchase.

AGREEMENT TO LEASE

A contract by which one party agrees to rent real estate to another party for a rental fee or other compensation.

APPRAISAL

The act or process of estimating value.

APPRAISED VALUE

An estimate of the value of the property. Conducted by a certified appraiser for the purpose of mortgage lending.

APPURTENANCE

Something that is outside the real property itself, but belongs to the land and is joined thereto. It adds to greater enjoyment of the land. A right-of-way is an appurtenance.

ASSESSED VALUE

A valuation placed upon property as a basis for municipal taxation.

ASSESSOR

An official who has the responsibility of determining assessed value for tax purposes.

BROKER

Please ask agent.

BUILDING CODES

Regulations established by local governments providing for structural requirements for building.

BUILDING LINE

A line fixed at a certain distance from the front and/or sides of a lot, beyond which no building can project.

BUILDING PERMIT

A document issued by the municipal authority certifying the blueprints for construction and allowing work to commence.

CHARGE

The name given to a mortgage document when title is registered under the Land Titles Act.

CLOSING

Please ask agent.

CLOUD ON TITLE

Any encumbrance or claim that affects title to real property.

COMMISSION

Remuneration paid to an agent on sale or lease of property, usually as a percentage of the amount involved.

COMPENSATION

Payment or reward for performance of service.

CONDOMINIUM

The fee ownership of a specified amount of space (the unit) in a multiple dwelling or other multi-occupancy building with tenancy-in-common ownership of portions used jointly with other owners (the common elements.)

CONDOMINIUM FEE

A common payment made by owners that is allocated to pay expenses.

CONSTRUCTION LIEN

Please ask agent.

CONVEYANCE

The transfer of an interest in property from one person to another.

DATE OF COMPLETION

The date specified in the agreement of purchase and sale, when the purchaser is to deliver the balance of money due and the vendor to deliver a duly executed deed and vacant possession of the property (unless otherwise agreed.)

DEVELOPER

One who engages in the subdivision or improvement of land.

DOMINANT TENEMENT

The estate (i.e. property) that derives benefit from an easement over a servient tenement, as in a Right-of-way.

DUPLEX

A two-family dwelling or house.

DWELLING

Residence.

ESTATE

An interest in land.

EXCLUSIVE LISTING

The giving of the sole right to offer the described property for sale according to the terms of the agency agreement.

EXPROPRIATION

Taking of private property by the state for public use, with fair compensation to the owner, through the exercise of the right of eminent domain.

EXTRAS

Chattels included in the sale.

FEE SIMPLE

The highest estate or absolute right in real property.

FIXTURES

Permanent improvements to property that may not be removed at the expiration of the term of lease or tenure.

FLASHING

Sheet metal or other material used in roof and wall construction to shed water.

FOOTING

The widened section, usually concrete, at the base or bottom of a foundation wall, pier or column.

FRAMING

The rough timberwork of a house, including the flooring, roofing, partitioning, ceiling and beams.

GRANT

A technical term used in deeds of conveyance to indicate a transfer of an interest or estate in land.

GUTTER

An eaves trough used to convey rainwater from the roof to the downspout.

JOIST

One of a series of horizontal wood members used to support a floor, ceiling or roof.

LAND TRANSFER TAX, DEED TAX OR PROPERTY PURCHASE TAX

A fee paid to the municipal and/or provincial government for the transferring of property from seller to buyer.

LANDLORD

The person from whom another holds tenancy.

LEASE

Contract between landlord (lessor) and tenant (lessee) for the occupation or use of the landlord's property by the tenant for a specified time and for a specified consideration (rental).

LESSEE

Tenant under a lease.

LESSOR

The person who grants use of property under lease to a tenant.

LINTEL

A horizontal structural member (beam) that supports the load over an opening such as a door or window.

LISTING

An oral or written agreement between a property owner and a broker authorizing the brokerage to offer the owner's real property for sale or lease.

MARKET VALUE

The highest price in terms of money, which the property will bring to a willing seller if exposed for sale on the open market allowing a reasonable time to find a willing purchaser, buying with the knowledge of all the uses to which it is adapted and for which it is legally capable of being used, and with neither party acting under necessity, compulsion or peculiar and special circumstances.

METES AND BOUNDS

A system of land description whereby all boundary lines are set forth by use of terminal points and angles - mete referring to a limit or limiting mark, and bounds referring to boundary lines.

METROPOLITAN AREA

That area which includes not only the entire chief urban core of a city (the central city) but also the outlying suburbs, which are appended thereto.

MULTIPLE LISTING

An arrangement among brokerages, usually real estate board members, whereby each brokerage presents its listings to the other members, who may negotiate the transaction.

OPEN LISTING

A listing given to any number of brokerages without liability to compensate any except the one who first acquires a buyer ready, willing and able to meet the terms of the listing, or secures the acceptance by the seller of a satisfactory offer; the sale of the property automatically terminates the listing.

OPTION

A right given by the owner of property to another (for valuable consideration) to buy certain property within a limited time at an agreed price.

PERSONAL PROPERTY

All property, except land and the improvements thereon.

PROSPECT

A potential buyer or customer.

REAL ESTATE

"Real Estate" includes real property, leasehold and business whether with or without premises, fixtures, stock-in-trade, goods or chattels in connection with the operation of the business as defined in the Real Estate and Business Brokers Act of Ontario.

REAL ESTATE BROKER

A brokerage that represents a principal in a real estate trade. (See more formal definition in the Real Estate and Business Brokers Act.)

REAL PROPERTY

The combination of the tangible and intangible attributes of land and improvements. Value-wise, it is the sum of the value of the real estate, considered as land and structure and, for example, the tangible value arising by reason of a favourable lease. The real estate, plus the rights that go with it.

REALTOR

A registered word that may only be used by an active member of a real estate board affiliated with the Canadian Real Estate Association.

RENT

The compensation paid for the temporary use, and/or occupation of real estate.

RIGHT

The interest one has in a piece of property.

SALESPERSON

A licensee of a brokerage authorized to trade in Real Estate (as defined within the Real Estate and Business Brokers Act). Also can be referred to as a Sales Representative or an Associate Broker.

SET BACK

The distance from the curb or other established line within which no buildings may be erected.

SHINGLE

A relatively thin and small unit of roofing partially laid in overlapping layers as a roof covering or as cladding on the sides of buildings.

SPECIAL ASSESSMENT

An assessment that is not customarily levied and which is made against only those specific parcels of property directly benefiting there from.

STUCCO

Any cement-like material used as an exterior covering for walls and the like, put on wet and drying hard and durable.

STUDDING

One of the series of wood structural members used as supporting elements in walls and partitions. (Plural: studs or studdings)

SUB-AGENT

An agent authorized by the listing agent to assist in transacting the affairs of the principal (with express or implied consent of principal).

SURVEY

The accurate mathematical measurement of land and buildings thereon, made with the aid of instruments.

TENANT

One who occupies land or tenement under a landlord.

TENURE

A system of land holdings for a temporary time period.

VALUATION

Estimated worth or price. The act of ascertaining how much specific real property is worth.

VENDOR

A seller of real property.

ZONING BY-LAW

A by-law passed by a municipality and approved by the Ontario Municipal Board, prohibiting the use of land in certain areas for any purpose other than as set out in the by-law. In the Planning Act, it is called a Restricted Area By-law.

**Legal**

ADVERSE POSSESSION

When an individual, not the owner, takes actual possession of the property, hostile to, and without the consent of the owner.

AGENCY

The relationship between principal and agent which arises out of a contract, written or oral wherein an agent is employed and authorized by the principal to represent him/her in business transactions with a third party.

AGENT

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AGREEMENT TO LEASE

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APPURTENANCE

Something that is outside the real property itself, but belongs to the land and is joined thereto. It adds to greater enjoyment of the land. A right-of-way is an appurtenance.

AUTHORITY

The legal power or right given by a principal and accepted by the agent to act on the principal's behalf in business transactions with a third party.

BREACH OF CONTRACT

Failure to fulfill an obligation under a contract. Breach confers a right of action on the offended party.

BUNDLE OF RIGHTS

A concept in which rights of possession, use, enjoyment, and disposition comprise the rights of ownership.

BUSINESS

Any undertaking for the purpose of profit, including any interest in any such undertaking.

CAVEAT EMPTOR

"Let the buyer beware." The buyer must examine the goods or property he/she is buying and he/she, therefore, buys at his/her own risk.

CHARGE

The name given to a mortgage document when title is registered under the Land Titles Act.

CHATTEL

Personal property that is tangible and moveable.

CLOUD ON TITLE

Any encumbrance or claim that affects title to real property.

COMMON LAW

That part of the law formulated, developed and administered by the old common law courts, based originally on common customs and mostly unwritten.

COMPENSATION

Payment or reward for performance of service.

CONDITION PRECEDENT

A condition in a contract that calls for the happening of some event, or performance of some act, before the agreement become binding on the parties.

CONDITION SUBSEQUENT

A condition referring to a future event upon the happening of which the contract becomes no longer binding on the parties.

CONSIDERATION

Something of value given by a promisee to a promisor to make the promise binding.

CONSTRUCTION LIEN

Please ask agent.

CONTRACT

a contract is a legally binding agreement between two or more capable persons for consideration or value, to do or not to do some lawful and genuinely intended act. If affecting real estate it must be in writing.

CONVEYANCE

The transfer of an interest in property from one person to another.

COVENANT

An agreement contained in a deed and creating an obligation. It may be positive, stipulating the performance of some act. It may be negative or restrictive, forbidding the commission of some act.

DAMAGES

Compensation or indemnity for loss owing for breach of contract, or a tort (civil wrong.)

DEED

An instrument in writing, duly executed and delivered, that conveys title or an interest in real property.

DEED RESTRICTION

An imposed restriction in a deed for the purpose of limiting the use of the land.

DEFAULT

Failure to fulfill an obligation.

DESCRIPTION

A legal identification of land or premises.

DOR

Please ask agent.

DOMINANT TENEMENT

The estate (i.e. property) that derives benefit from an easement over a servient tenement, as in a Right-of-way.

EASEMENT

A right enjoyed by one landowner over the land of another.

ENCROACHMENT

The unauthorized extension of the boundaries of land.

ENCUMBRANCE

Outstanding claim or lien recorded against property or any legal right to the use of the property by another person who is not the owner.

ESCHEAT

The reversion of property to the state in the event the owner thereof dies leaving no will and having no legally qualified heir to whom the property may pass by lawful descent.

ESTATE

An interest in land.

ESTOPPEL

A bar to alleging or denying a fact because of one's own previous actions or words to the contrary.

ETHICS

Rules of behaviour made and accepted by business to provide fair and moral practice.

EXPRESS AUTHORITY

Authority delegated by the principal which clearly sets forth in exact, plain, direct and well-defined limits those acts and duties which the agent is empowered to perform on behalf of the principal, e.g. an exclusive listing.

EXPROPRIATION

Taking of private property by the state for public use, with fair compensation to the owner, through the exercise of the right of eminent domain.

FORECLOSURE

Remedial court action taken by a mortgagee, when default occurs on a mortgage, to cause forfeiture of the equity of redemption of the mortgagor.

GRANT

A technical term used in deeds of conveyance to indicate a transfer of an interest or estate in land.

GRANTEE

The party to whom an interest in real property is conveyed.

GRANTOR

The party who conveys an interest in real property by deed.

INDEMNIFY

To secure against hurt, loss or damage; to make compensation to for incurred hurt, loss or damage.

INDENTURE

A document or deed, usually in duplicate, expressing certain objects between the parties.

INFANT

A person who is a minor, under the age of eighteen, and thus incapable of the independent judgment necessary to undertake a legal obligation.

INJUNCTION

A judicial process or order requiring the person to whom it is directed to do, or refrain from doing, a particular thing.

INSTRUMENT

A form of written legal document.

INTESTATE

A person who dies without a will, or leaves one which is defective in form, in which case his estate descends by operation of law to his heirs or next of kin.

IRREVOCABLE

Incapable of being recalled or revoked; unchangeable, unalterable.

JOINT TENANCY

Ownership of land by two or more persons whereby, on the death of one, the survivor or survivors take the whole estate.

JUDGEMENT

The decision of the Court.

LAND TRANSFER TAX, DEED TAX OR PROPERTY PURCHASE TAX

A fee paid to the municipal and/or provincial government for the transferring of property from seller to buyer.

LEASE

Contract between landlord (lessor) and tenant (lessee) for the occupation or use of the landlord's property by the tenant for a specified time and for a specified consideration (rental).

LEGAL DESCRIPTION

A written description by which property can be located, definitely.

LESSEE

Tenant under a lease.

LESSOR

The person who grants use of property under lease to a tenant.

LIS PENDENTS

A legal document giving notice that an action or proceeding is pending in the courts which affects the title to the designated property.

MARKETABLE TITLE

A title that a court of equity considers to be so free from defect that it will enforce its acceptance by a purchaser.

MECHANIC'S LIEN (CONSTRUCTION)

A claim filed in the land registry office by an individual, or company, for labour or material, or both, supplied for the improvement of the property.

MINOR

A person who is under the age of legal competence, which is eighteen years in Ontario.

MORE OR LESS

Term often found in a property description intended to cover slight, unimportant or unsubstantial inaccuracies of which both parties are willing to assume the risk.

NOTICE DOR

Notice filed in court by mortgagor under foreclosure proceedings that he desires an opportunity to redeem.

OFFER AND ACCEPTANCE

The basic requisite of any contract is a proposal by one party, called the offeror, to another party, called the offeree, to accept the basic terms of the Agreement. If the offeree indicates assent to the proposal, there is an acceptance and the contract will bind both parties to its terms.

OFFER TO PURCHASE

The legal agreement which outlines what you are willing to pay, and what you expect to receive with the home

OPEN LISTING

A listing given to any number of brokerages without liability to compensate any except the one who first acquires a buyer ready, willing and able to meet the terms of the listing, or secures the acceptance by the seller of a satisfactory offer; the sale of the property automatically terminates the listing.

PERSONAL PROPERTY

All property, except land and the improvements thereon.

POWER OF ATTORNEY

Delegated written authority to a person to legally act on behalf of another.

POWER OF SALE

The right of a mortgagee to force sale of the property without judicial proceedings should default occur.

QUIT CLAIM DEED

A general release of all claims or rights to a parcel of land.

RESTRICTED AREA BY-LAW

Please ask agent.

RESTRICTIVE COVENANT

A limitation placed upon the use of property, contained in the deed.

RIGHT

The interest one has in a piece of property.

RIGHT OF SURVIVORSHIP

The distinguishing feature of joint tenancies which provides that, where land is held in undivided portions by co-owners, upon the death of any joint owner, his/her interest in the land will pass to the surviving co-owner, rather than to his/her estate.

RIGHT OF WAY

The right to pass over another's land, more or less frequently, according to the nature of the easement.

RIPARIAN RIGHTS

The rights of the owners of lands on the banks of watercourses, to take advantageous use of the water on, under, or adjacent to his land, including the right to acquire accretions, wharf slips, and fish there from.

RUNNING WITH THE LAND

A covenant is said to run with the land when it extends beyond the original parties to the agreement and binds all subsequent takers to either liability to perform it or the right to take advantage of it.

SEALED AND DELIVERED

A term indicating that a conveyer has received adequate consideration as evidenced by his/her voluntary delivery. The word "sealed" adds more strength since under old conveyancing law an official seal was used as a substitute for consideration.

SERVIENT TENEMENT

Land over which an easement exists in favour of the dominant tenement.

SET BACK

The distance from the curb or other established line within which no buildings may be erected.

SPECIFIC PERFORMANCE

A remedy in a court of equity compelling a defendant to carry out the terms of an agreement or contract. It is available only where the remedy of damages cannot afford adequate relief to the plaintiff.

STATEMENT OF ADJUSTMENTS

A statement prepared by the solicitor for the vendor setting out, in balance sheet form the credits to the vendor (e.g. purchase price, prepaid taxes, prepaid insurance, etc.) and the credits to the purchaser (e.g. deposits, arrears in taxes prior to the date of closing) and the balance due on closing, so that both the purchaser and the vendor will have a record, at the date of closing of the financial breakdown of the transaction.

STATUTE

A law established by an act of the legislature.

STATUTE OF FRAUDS

A law which provides that certain contracts must be in writing in order to be enforceable at law. It includes real estate contracts.

SYNDICATE

An association of individuals formed for the purpose of owning, operating and managing large parcels of real property for the mutual benefit of all, and organized as a corporation, limited partnership or joint venture.

TENANCY-IN-COMMON

Ownership of land by two or more persons; unlike joint tenancy in that interest of deceased does not pass to the survivor, but is treated as an asset of the deceased's estate.

TIME IS OF THE ESSENCE

Requires punctual performance of a contract on closing date and is indicated by so stating as in an Agreement of Purchase and Sale.

TITLE

The means of evidence by which the owner of land has lawful ownership thereof.

TRANSFER

To convey from one person to another.

VOID

Of no legal effect. A nullity.

VOIDABLE

Where one party to a contract is entitled to rescind the contract at his option.

ZONING BY-LAW

A by-law passed by a municipality and approved by the Ontario Municipal Board, prohibiting the use of land in certain areas for any purpose other than as set out in the by-law. In the Planning Act, it is called a Restricted Area By-law.

Financial

AGREEMENT for SALE

An agreement for the purchase of real property wherein the purchase price is paid in instalments and title is not conveyed to the purchaser until the purchase price is paid in full.

AMORTIZATION

The gradual retirement of a debt by means of partial payments of the principal at regular intervals.

AMORTIZATION PERIOD

The number of years it will take to pay your mortgage loan.

APPRAISAL

The act or process of estimating value.

APPRAISED VALUE

An estimate of the value of the property. Conducted by a certified appraiser for the purpose of mortgage lending.

ASSESSED VALUE

A valuation placed upon property as a basis for municipal taxation.

ASSESSOR

An official who has the responsibility of determining assessed value for tax purposes.

ASSUMABILITY

Allows the buyer to take over the seller's mortgage on the property.

ASSUMPTION OF MORTGAGE

The taking of title to property by a grantee, wherein grantee assumes liability for an existing mortgage against a property and becomes personally liable for the payment of such mortgage debt.

BALANCE DUE ON COMPLETION

The amount of money the purchaser will be required to pay to the vendor to complete the purchase, after all adjustments have been made.

CLOSED MORTGAGE

A mortgage that locks you into a specific payment schedule. A penalty usually applies if you repay the loan in full before the end of the term.

COMMITMENT

Please ask agent.

COMPOUND INTEREST

Interest on both the original principal and on interest accrued.

CONVENTIONAL MORTGAGE

A mortgage loan issued for up to 75% of the properties appraised value or purchase price, whichever is less.

CREDITOR

A person to whom a debt is owed by another person termed the debtor.

DEPOSIT

Payment of money or other valuable consideration as pledge for fulfillment of contract.

DEPRECIATION

A loss in value due to any cause.

DOWN PAYMENT

The buyer's cash payment toward the property. The difference between the purchase price and the amount of the mortgage loan.

ECONOMICS

The study of how persons and society choose resources that have alternative uses, to produce various commodities over time and distribute them for consumption now and in the future, among various people and groups in society.

EQUITY

The interest an owner of real property has in its total assets after allowing for encumbrances and creditors' claims.

EQUITY OF REDEMPTION

The right of the mortgagor to reclaim clear title to the property upon full repayment of the debt.

FORECLOSURE

Remedial court action taken by a mortgagee, when default occurs on a mortgage, to cause forfeiture of the equity of redemption of the mortgagor.

GDS RATIO

Gross Debt Service Ratio. Lender's allowable ratio of gross monthly payment to gross monthly income of mortgage applicant.

HIGH RATIO MORTGAGE

A mortgage that exceeds 75% of the home's appraised value. These mortgages must be insured.

INTEREST RATE

The percentage that is charged for the use of borrowed money.

LIEN

A right, given to a creditor, creating an interest in the real property until the debt is discharged.

MATURITY DATE

The end of the term, at which time you can pay off the mortgage or renew it for another.

MILL

One-tenth of one cent, a measure used to indicate the property tax rate, e.g. a tax rate of one mill per dollar is the same as 0.10 per cent of the assessed value.

MORTGAGE

A conveyance of property to a creditor as security for payment of a debt with a right of redemption upon payment of the debt.

MORTGAGEE

The one to whom property is conveyed as security for the payment of a debt; the lender or creditor.

MORTGAGOR

The one who makes the mortgage; the borrower or debtor.

MORTGAGE COMMITMENT

A formal indication, by a lending institution that it will grant a mortgage loan on property, in a certain specified amount and on certain specified terms

MORTGAGE INSURANCE

A policy that applies to high-ratio mortgages to protect the lender against loss if the borrower is unable to repay the mortgage.

MORTGAGE LIFE INSURANCE

A policy that pays off the mortgage if the borrower dies.

OPEN MORTGAGE

Allows partial or full payment of the principal at any time, without penalty.

PORTABILITY

A mortgage option that enables borrowers to take their current mortgage with them to another property, without penalty.

POWER OF SALE

The right of a mortgagee to force sale of the property without judicial proceedings should default occur.

PRE-APPROVED MORTGAGE

Qualifies you for a mortgage before you start shopping. You know exactly how much you can spend and are free to make a firm offer when you find the right home.

PREPAYMENT CLAUSE

A clause inserted in a mortgage, which gives the mortgagor the privilege of paying the mortgage debt in advance of the maturity date, on stipulated terms.

PRE-PAYMENT PRIVILEGE

Voluntary payments in addition to regular mortgage payments.

PRINCIPAL

The employer of an agent or brokerage, who gives the agent the authority to do some act for him/her.

PRINCIPAL AMOUNT

In mortgage law, this term refers to the debt itself, as distinguished from interest.

REFINANCING

Paying off the existing mortgage and arranging a new one or renegotiating the terms and conditions of an existing mortgage.

RENEWAL

Renegotiation of a mortgage loan at the end of a term for a new term.

SECOND MORTGAGE

Additional financing. Usually has a shorter term and higher interest rate than the first mortgage.

STATEMENT OF ADJUSTMENTS

A statement prepared by the solicitor for the vendor setting out, in balance sheet form the credits to the vendor (e.g. purchase price, prepaid taxes, prepaid insurance, etc.) and the credits to the purchaser (e.g. deposits, arrears in taxes prior to the date of closing) and the balance due on closing, so that both the purchaser and the vendor will have a record, at the date of closing of the financial breakdown of the transaction.

TERM

In a mortgage "term" is the actual length of time for which the money is loaned.

TERM MORTGAGE

A non-amortizing mortgage under which the principal is paid in its entirety upon the maturity date.

TRUST ACCOUNT

An account separate and apart from one's personal monies, as required by law in the case of a brokerage.

VARIABLE-RATE MORTGAGE

A mortgage with fixed payments, but fluctuating interest rates. The changing interest rate determines how much of the payment goes towards the principal.

VENDOR TAKE BACK (VTB) MORTGAGE

A mortgage type wherein the seller provides some or all of the financing.