

Hondros learning – ohio real estate – principles and practices



**ASSIGN
BUSTER**

Broker Any person, partnership, association who, for a fee, sells, lists, leases, exchanges, negotiates, or otherwise deals in the real estate of others, or represents publicly that he does. **Independent Contractor** A self-employed salesperson paid on jobs completed rather than hours worked and responsible for setting their own hours and paying their own taxes.

ONHONDROS LEARNING - OHIO REAL ESTATE - PRINCIPLES & PRACTICES

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Service (MLS) A listing service whereby local members of the Board of REALTORS agree to share listings and commissions on properties sold jointly.

Members of the public may have access to the MLS, but not to all of the features and content. **Real Estate Licensee** A person licensed to practice real estate.

Realtist Any real estate licensee who is a member of the National Association of REALTORS. (NAR)

Salesperson A licensed agent who is associated with a broker and may perform most of the acts of a broker on behalf of the broker.

REALTOR Any real estate licensee who is a member of the National Association of REALTORS (NAR) and his affiliated state and local boards. **Fiduciary Duties" OLD CAR"**: Obedience, Loyalty, Disclosure,

Confidentiality, Accountability, and Reasonable Care. This mnemonic device has a slight variation (e. g. care vs. reasonable care), but both are helpful in recalling the fiduciary duties an agent owes his clients and broker.

Americans with Disabilities Act (ADA) Passed by Congress in 1991, this act

banned discrimination against the disabled in employment and mandated easy access to all public and commercial buildings. **Accredited Residential**

Manager Those specializing in managing residential properties who complete an Institute of Real Estate Management (IREM) course, meet experience

standards, manage a sizable portfolio, and are endorsed by the local IREM
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chapter. Certified Property Manager Awarded by the IREM to those who meet certain requirements. Real Property Administrator Awarded to those completing training courses offered by the Building Owners and Managers International, which is an independent institute affiliated with the Building Owners and Managers Association. Property Management Specialist Awarded to those completing training courses designed to prepare licenses for entry into property management. Property Management Management of another's property for compensation Commercial Properties Include offices, stores, hotels, and other buildings. Industrial Real Estate Land and structures involved in the production, distribution, and storage of tangible economic goods. Women's Council of REALTORS (WCR) An organization devoted to addressing the issues, needs, and concerns of women in the real estate profession. Now affiliated with NAR. Auctioneer A person with an auctioneer's license as well as a real estate license who can sell real estate through an auction. Education and Research Fund A fund designed to offer scholarships and loans to students who are taking real estate-specific classes. Foreign Real Estate Broker Any broker/ sales person licensed to engage exclusively in real estate for land situated outside the state of Ohio Ohio Division of Real Estate Run by the Superintendent who is appointed by the Director of Commerce. Reciprocity The ability of the state department to give a real estate license to an applicant who received a real estate license in another state. License Incentive The license status of any salesperson who returns his license to the Division of Real Estate, or whose broker does not want to maintain sponsorship of the licensee. License on Deposit 1. A special license status that is only available only to brokers who wish to return their broker's license to the Division of real estate in order to reactivate their license as a

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salesperson. A broker's license may remain on deposit indefinitely if timely renewed and continuing education requirements are met. 2. A special license status available to any licensee who enters the military or whose reserve military status is activated. the license remains inactive until the next renewal date following honorable discharge from the military. Real Estate Recovery Fund Used to satisfy unpaid judgments against real estate licensees for activities violating the license law that caused financial loss to the claimant. Resigned License The license status in which a license has been voluntarily and permanently surrendered to, or is otherwise in the possession of, the Division of Real Estate and Professional Licensing, is not renewed, and is not associated with a real estate broker. License Revocation 1. When the Real Estate Commission permanently withdraws a real estate agent's license. // 2. The automatic event that occurs when a licensee allows their license to remain in a state of suspension for more than 12 months. License Suspension 1. The temporary withdrawal of a real estate agent's license for a certain and specified period of time. Voluntary Hold on License The license status in which a license is in the possession of the Division of Real Estate and Professional Licensing for a period of not more than 12 months, is not renewed in accordance with the requirements specified, and is not associated with a real estate broker. Misrepresentation Knowingly passing along false information to a client. Making false promises with the intent to influence, persuade, or induce. Condemnation The legal process by which the government takes private land for public use, paying the owners a fair price. See EMINENT DOMAIN. Also called APPROPRIATION. Cost of Money The interest rate that people or businesses must pay to use another's money for their own purposes Economic Base The main business or industry in an area <https://assignbuster.com/hondros-learning-ohio-real-estate-principles-practices/>

that a community uses to support and sustain itself. Eminent Domain Government's constitutional power to take (appropriate/condemn) private property for public use as long as the owner is paid just compensation. PEGS The factors that influence the real estate market can be broadly divided into Physical, Economical, Governmental, and Social factors (P-E-G-S). Business Cycles General swings in business activity, resulting in expanding or contracting activity during different phases of the cycle. Housing Cycles General swings in real estate activity, resulting in increasing or decreasing activity and property values during different phases of the cycle. Supply and Demand An economic concept that states that the price of a good rises and falls depending on how many people want it (demand) and depending on how much of the good is available (supply). Immobility A physical characteristic of real estate referring to the fact that real estate can't move from one place to another. Seller's Market Situation in the housing market where there are more buyers than sellers. This allows sellers to choose from a large number of buyers looking for property in a specific area. Buyer's Market A situation in the housing market where buyers have a large selection of properties to choose from. Taxation The process of a government levying a charge on people or things (e. g. property taxes). American Recovery and Reinvestment Act of 2009 Congress authorized a tax credit of up to \$8,000 for qualified first-time home buyers purchasing homes on or after January 1, 2009 and before December 1, 2009. Fiscal Policy The government's plan for spending, taxation, and debt management. Secondary Mortgage Markets Government-sponsored enterprises that buy and sell real estate mortgages. Federal Housing Administration (FHA) An agency of the federal government that insures private mortgage loans for financing of new

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and existing homes and home repairs. Veteran's Administration Administered by the federal government (but not through HUD). The VA guarantees mortgage loans for eligible veterans, even allowing them to buy a home with no down payment in some cases by guaranteeing repayment to lenders (up to a certain amount) in the event of default.

Appurtenance A right that goes with ownership of real property; usually transferred with the property, but may be sold separately.

Easement A right that goes with ownership of real property; usually transferred with the property, but may be sold separately. (A nonpossessory right to use another's property in a manner established by either express or implied agreement.)

Encumbrance A nonpossessory interest in property burdening the property owner's title.

Fixture An item of personal property that may or may not be attached to real property, but is closely associated with real property in such a way that it has legally, and is intended to become part of real property.

Freehold Estate A possessory and ownership estate in real property; either a fee simple or a life estate. The holder of a freehold estate has title.

Leasehold Estate An estate that gives the holder (Tenant) a temporary right to possession, without title.

Lien A nonpossessory interest in a property, giving a lienholder the right to foreclose if the owner does not pay a debt owed the lienholder; a financial encumbrance on the owner's title.

Lis Pendens A recorded notice stating that a lawsuit is pending that may affect title to the defendant's real estate.

Possessory Interest An interest in property that entitles the holder to possess and occupy the property, now or in the future; an estate, which may be either a freehold or leasehold.

Restrictive Covenant A promise to do or not do an act relating to real property. especially a promise that runs with the land; usually the owners promise not to use the property in a specific manner.

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Trade Fixture Fixtures and equipment that may be attached to a building during a tenant's occupancy, with the intention that they be removed when the tenant leaves

Natural Attachment Plants growing on the land, whether naturally occurring or planted. They are considered real property while growing and personal property when removed.

Annexation Legal term for attaching or affixing personal property to real property.

Agent A person licensed to represent another (the principal) in a real estate transaction; a person authorized to represent the principal in dealings with third parties (clients or customers)

Customer A party in a transaction with whom an agent does not have a fiduciary duty or relationship, but with whom an agent must still be fair and honest.

Dual Agent A licensee who enters any dual agency in OH license law; licensee represents both the both buyer and seller in the same transaction.

Fiduciary Someone in a position of trust and confidence held by law to high standards of good faith and loyalty.

Fraud An intentional or negligent misrepresentation or concealment of facts; making statements that a person knows, or should realize, are false and misleading.

Management-Level Licensee A licensee who is employed by or affiliated with a real estate broker and who has supervisory responsibility over other licensees employed by or affiliated with that real estate broker.

Negligence Conduct that falls below the standard established by law for the protection of others against unreasonable risk of harm.

Principal A person who grants another person (an agent) authority to represent him in dealing with third parties. Also referred to as the client.

Split Agent A licensee assigned by a broker to represent a buyer or seller in a transaction, usually in an in-company dual agency situation.

Subagent An agent of an agent; a person that an agent has delegated authority to, so that the subagent can

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assist in carrying out the principals orders. Agency Disclosure StatementForm that states whether an agent is representing the seller, buyer, or both in a transaction. ObedienceMeans the agent must follow the legal directions of the principal (client), obey the restrictions of the agency relationship, and not stray beyond the scope of his authority. As Is ClauseProvision in a purchase agreement stating the buyer accepts the property in present condition. Constructive FraudA negligent misrepresentation or concealment of a material fact; when a person carelessly fails to disclose material information, or makes false or misleading statements. ALSO CALLED: Negligent MisrepresentationActual FraudIntentional misrepresentation or concealment of a material fact; when a person actively conceals material information or makes statements known to be false or misleading. ALSO CALLED: Deceit. AcceptanceAgreeing to the terms of an offer to enter into a contract, thereby creating a binding contract. Assignment1. When a person transfers his interests under a contract to another. 2. When a tenant transfers his right of possession, or other interest, in leased property to another person for the remainder of the lease term. ConsiderationAnything of value (e. g., money, services, goods, promise) given to induce another person to enter into a contract. ALSO CALLED: Valuable ConsiderationCounterofferA response to an offer to enter into a contract, changing some terms of the original offer. It is a rejection of the original offer (not a form of acceptance) and does not create a binding contract unless the new counteroffer is accepted by the original offeror (the counterofferee). Material BreachAn unexcused failure to perform according to the terms of a contract, important enough that the non-breaching party is not required to perform his contractual obligations. NovationA three-way <https://assignbuster.com/hondros-learning-ohio-real-estate-principles-practices/>

agreement in which the obligor transfers all rights and duties to a third party.

OfferWhen one person proposes a contract to another; if the other person accepts the offer, a binding contract is formed.

MitigationWhen the non-breaching party takes action to minimize the losses resulting from the breach of a contract. **Liquidated Damages**A sum of money specified in a contract as compensation to be paid to one of the parties if the other defaults.

AcknowledgmentA formal declaration by a party before a notary public in the presence of two witnesses by the person who signs an instrument to the effect that it is his own free and voluntary act done for the purposes therein expressed.

AttestationThe act of witnessing a person's signing of an instrument by a notary public. **Chain of Title**A history of the ownership affecting title to a parcel of land.

Clouds on the TitleEncumbrances or outstanding claims that could affect the owner's title; problems or

uncertainties with a title to real property. **Co-Ownership**Title ownership held by two or more persons who must agree on how the property is used. **Deed**A document that transfers ownership of property from one party to another.

Donative IntentGrantor's intent to transfer title immediately and

unconditionally. **Equitable Title**An interest created in property upon the execution of a valid sales contract, whereby actual title is transferred by deed at a closing. The buyer's interest in property under a land contract. Also

called an equitable interest. **Government Survey System**A method of land description in which meridians (lines of longitude) & base lines (lines of latitude) are used to divide land into townships & sections. **Lot and Block**

DescriptionA legal description used for platted property. The description states only the property's lot number and block number in a particular

subdivision. **Marketable Record Title**Every link in the chain of title is recorded <https://assignbuster.com/hondros-learning-ohio-real-estate-principles-practices/>

going back at least 40 years. Metes and Bounds Description A legal description of a parcel of land that begins at a well-marked point and follows the boundaries, using directions and distances around the tract, back to the point of beginning. Ownership in Severalty Sole ownership that only one person or legal entity holds the title to that property. (as opposed to co-ownership) Words of Conveyance The type of deed offered by the grantor is communicated through a phrase such as " does hereby grant, bargain, sell and convey unto . . ." This clause is referred to as the " Words of Conveyance." Warranty Deed A deed in which the grantor makes formal assurance as to quality of title. General Warranty Deed Deed that offers the most protection in which grantor fully warrants good clear title to the premises. Limited Warranty Deed Deed in which the grantor warrants title only against defects arising during the time he owned the property and not against defects arising before that time of ownership. Special Warranty Deed. Quitclaim Deed A deed to relinquish any interest in property which the grantor may have, without any warranty of title or interest. Fiduciary Deed A deed executed by a trustee, executor, or other fiduciary, conveying property that the fiduciary does not own but is authorized to manage. Transfer on Death Designation of Beneficiary Affidavit One present owner of the real property may designate one or more death beneficiaries and may also name contingent beneficiaries. Cooperatives Businesses owned and controlled by the people who use it - producers, consumers, or workers with similar needs who pool their resources for mutual gain. Tenancy in Common Ownership by two or more persons who hold undivided interest without right of survivorship; interests need not be equal. Statutory Survivorship Tenancy Gives each co-tenant has an equal, undivided interest in real property and right of

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survivorship. Also called joint tenancy with the right of survivorship. Joint Tenancy A form of concurrent ownership, which occurs when two or more persons own a single estate in land, with right of survivorship. Must have equal shares, right to partition. PITT Unity of Possession, Unity of Interest, Unity of Time, Unity of Title. For joint tenancy, all four unities, sometimes referred to as equalities, must be present. Race/Notice Rule When the same property has been sold to two different buyers, if the second buyer records the deed before the first buyer, then the second buyer has good title to the property as long as he did not have notice of the first buyer's interest.

Marketable Title Act Is intended to improve the marketability of title and simplify the title search process by extinguishing certain old, dormant clauses against a title. Section Is one square mile (640 acres). Township A 6-by-6 mile area containing 36 sections each 1 mile square. A division of land in the rectangular survey method of land description. Square Mile A measure of area that is one mile by one mile, an area of 640 acres. Acre A measure of land equal to 43, 560 square feet. Abstract of Title A brief, chronological summary of the recorded documents affecting title to a particular parcel of real property. Closing In a real estate transaction, this is the final exchange in which the deed is delivered to the buyer, the title is transferred, and the agreed-on costs are paid. Location Survey A survey that determines if a property's buildings encroach on adjoining property, or if any adjoining property's buildings encroach on the subject property. Marketable Title Title free and clear of objectionable liens or encumbrances; title which is free from reasonable doubt or defects, which can be readily sold or mortgaged.

Proration The division of expenses between buyer and seller in proportion to the actual usage of the item represented by a particular expense. ALSO <https://assignbuster.com/hondros-learning-ohio-real-estate-principles-practices/>

CALLED: Adjustment. Real Estate Settlement Procedures Act (RESPA)(RESPA)

Federal law dealing with real estate closings that provides specific procedures and guidelines for the disclosure of settlement costs. Settlement

StatementA document that presents detailed accounting for a real estate transaction, listing each party's debits and credits and the amount each will receive or be required to pay at closing. ALSO CALLED: a closing statement

or a HUD-1. SurveyThe process of precisely measuring the boundaries and determining the area of a parcel of land. Title InsuranceInsurance that

indemnifies against losses resulting from undiscovered title defects and

encumbrances. Escrow ClosingA closing by a disinterested 3rd party- often an escrow agent. Roundtable ClosingA closing conducted with all parties

present. Escrow AccountThe trust account established by the broker under the provisions of the license law for the purpose of holding funds on behalf of the broker's principal or some other person until consummation or

termination of a transaction. Errors and Omissions InsuranceInsurance which financially protects an architect against claims for damages resulting from professional negligence. Also called professional liability insurance. Farming

an AreaA term for a marketing technique, which is used to create an image of working on a specific area over a period of time for prospects. Net to

SellerAn estimate of the money a seller should receive from a real estate transaction, based on a certain selling price after all costs and expenses

have been paid. Sphere of InfluencePeople you know (and whom you can ask for referrals). BlockbustingIllegal practice of inducing homeowners to sell

their properties by telling them that a certain people of a certain race,

national origin or religion are moving into the area. Disparate ImpactA law

that is not discriminatory at face value, but has a greater impact on a
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minority group than on other groups. Exclusionary Zoning A zoning law that effectively prevents certain groups (e. g. minorities, low-income individuals)

from living in a community. Redlining Refusing to make loans secured by property located in certain neighborhoods for discriminatory purposes.

Steering Channeling prospective buyers or tenants to particular neighborhoods based upon their race, religion, national origin, or ancestry.

Title VIII Another name for the Federal Fair Housing Act, which is Title VIII of the Civil Rights Act of 1968. Adjustable Rate Mortgage (ARM) (ARM) A

mortgage that permits the lender to periodically adjust the interest rate to reflect fluctuations in the cost of money. Alienation Clause A contract clause

that gives the lender certain stated rights when there's a transfer of ownership in property. (Often called a due-on-sale clause.) Amortized Loan A

loan in which the principal as well as the interest is payable in monthly or other periodic installments over the term of the loan. Annual Percentage

Rate (APR) (APR) Relationship between the cost of borrowing and the total amount financed, represented as a percentage. Acceleration Clause A

contract clause giving the lender the right to declare the entire loan amount due immediately because of borrower's default, or other reasons in the

contract. Defeasance Clause A contract clause used to defeat or cancel a certain right upon the occurrence of specific event, A clause within a

mortgage that legally binds the lender to release the lien from the title once the mortgage has been satisfied. Equitable Right of Redemption The right of

a debtor to save (redeem) property from foreclosure proceedings prior to confirmation of sale. Holder in Due Course One who acquires a negotiable

instrument in good faith and for consideration, and thus has certain rights above the original payee. Land Contract A real estate installment agreement

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where a buyer makes payment to a seller in exchange for the right to occupy and use property, but no deed or title transfers until all, or a specified portion of, payments have been made. PITIA typical mortgage payment that includes: Principal, Interest, Taxes, and Insurance (PITI) 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).

Residual Income The income a borrower has remaining after subtracting taxes, housing expenses, and all recurring debts and obligations (used for VA loan qualifying.) Security Instrument An instrument that gives a creditor the right to sell collateral to satisfy a debt if the debtor fails to pay according to the terms of the agreement. Subordination Clause A contract clause that gives a mortgage recorded at a later date the right to make priority over an earlier recorded mortgage. Trust Deed An instrument held by a third party as security for the payment of a note. Unlike a mortgage, a trust deed has a power of sale, allowing the trustee to foreclose non-judiciary. ALSO CALLED: Deed of Trust.