

Glossary of Housing Terms

ABAG	Association of Bay Area Governments
Abatement of Nuisance	Extinction or termination of a nuisance.
Absolute Fee Simple Title (Fee Simple)	A title that is unqualified; the best title one can obtain; conveys the highest bundle of rights.
Absolute Ownership	<i>See Fee Simple Estate</i>
Abstract of Judgment	A condensation of the essential provisions of a court judgment.
Abstract of Title	A summary or digest of all transfers, conveyances, legal proceedings, and any other facts relied on as evidence of title, showing continuity of ownership, together with any other elements of record which may impair title.
Abstraction	A method of valuing land. The indicated value of the improvement is deducted from the sale price.
Accelerated Cost Recovery System (ACRS)	The system for figuring depreciation (cost recovery) for depreciable real property acquired and placed into service after January 1, 1981.
Accelerated Depreciation	A method of cost write-off in which depreciation allowances are greater in the first few years of ownership than in subsequent years. This permits an earlier recovery of capital and a faster tax write-off of an asset.
Acceleration Clause	A condition in a real estate financing instrument giving the lender the power to declare all sums owing lender immediately due and payable upon the happening of an event, such as sale of the property, or a delinquency in the repayment of the note
Access Right	The right of an owner to have access to and from owner's property over adjoining property.
Accession	An addition to property through the efforts of man or by natural forces.
Account	Any combination of funds for which there is a separate periodic accounting and statement of balance.
Accrued Depreciation	The expense occurring for the period of time that has elapsed since depreciation was last recorded.

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Accrued Items of Expense	Those incurred expenses which are not yet payable. The seller's accrued expenses are credited to the purchaser in a closing statement.
Acknowledgment	A formal declaration made before an authorized person, e.g., a notary public, by a person who has executed an instrument stating that the execution was his or her free act. In California an acknowledgement is the statement by an officer such as a notary that the signatory to the instrument is the person represented to be.
Acquisition	The act or process by which a person procures property.
Acre	A measure of land equaling 160 square rods, or 4,840 square yards, or 43,560 square feet, or a tract about 208.71 feet square.
Ad Valorem	A Latin phrase meaning "according to value." Usually used in connection with real estate taxation.
Adjustable Rate Mortgage (ARM)	A mortgage loan which bears interest at a rate subject to change during the term of the loan, predetermined or otherwise.
Administrative Costs or Expenses	The portion of a grant which the recipient is allowed by the grantee to expend for staff and other costs of administering the award. HCD is allowed certain administrative expenses by HUD when it awards HOME and CDBG funds, and subject to federal rules, HCD in turn allows its grantees certain administrative costs.
Administrator	A person appointed by the probate court to administer the estate of a deceased person who died intestate. (Administratrix, the feminine form)
Adverse Possession	A method of acquiring title to real property through possession of the property for a statutory period under certain conditions by a person other than the owner of record.
Affiant	One who makes an affidavit or gives evidence.
Affidavit	A statement or declaration reduced to writing sworn to or affirmed before some officer who has authority to administer an oath or affirmation.
Agricultural Employment (FWHGP)	Employed in the cultivation and tillage of the soil; the production, cultivation, growing and harvesting of any agricultural or horticultural commodities; the raising of livestock, bees, furbearing animals, or poultry; dairying, forestry, and lumbering operations; and any work on a farm as incident to or in conjunction with such farming operations, including the delivery and preparation of commodities for market or storage.

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AIA	American Institute of Architects
AITD	All Inclusive Trust Deed
ALHFA	Association of Local Housing Finance Agencies
Allocation	A portion of a state or federal appropriation designated for specific goals, e.g., rural housing, economic development, BEGIN.
ALTA	American Land Title Association
ALTA Title Policy	American Land Title Association title insurance policy; the most comprehensive form. A type of title insurance policy issued by title insurance companies which expands the risks normally insured against under the standard type policy to include unrecorded mechanic's liens; unrecorded physical easements; facts a physical survey would show; water and mineral rights; and rights of parties in possession, such as tenants and buyers under unrecorded instruments.
AMP	Asset Management Program
Amortization	The systematic repayment of a loan through periodic installments of principal and interest over the entire term of the loan agreement.
Amortized Loan	A loan to be repaid, interest and principal, by a series of regular payments that are equal or nearly equal, without a balloon payment prior to maturity. Also called a Level Payments Loan.
Annual Percentage Rate (APR)	The relative cost of credit as determined in accordance with Regulation Z of the Board of Governors of the Federal Reserve system for implementing the Federal Truth in Lending Act. The effective interest rate.
Annuity	A sum of money received at fixed intervals, such as a series of equal or nearly equal payments to be made over time. An amount paid yearly or at other regular intervals, often on a guaranteed dollar basis.
ANSI	American National Standards Institute
APA	American Planning Association
Applicant Verification	The documentation of U.S. citizenship or qualified immigrant status of those who apply for State public benefits derived from HCD programs as required by Federal welfare reform laws and HCD regulations

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Appraisal	1) An estimate of the value of a property resulting from an analysis of facts about the property (e.g., cost, current market, income), usually prepared by a professional appraiser. 2) A real estate comparison method which compares a given property with similar or comparable surrounding properties; also called market comparison. 3) An analysis in which a value estimate of a property is derived by estimating the replacement cost of the improvements, deducting the estimated accrued depreciation, then adding the market value of the land.
Appraiser	One qualified by education, training, and experience who is hired to estimate the value of real and personal property based on experience, judgment, facts, and use of formal appraisal processes.
Appreciation	Increase in the value of a property due to inflation, market demand and other off site influences; does not include increases due to improvements.
Appropriation	A legal authorization granted by a legislative body to an administrative agency to incur obligations or expend a certain amount of public funds for specific purposes. An appropriation may be limited to a particular period, or may be "continuously appropriated" until the set amount has been expended.
Appurtenance	That which belongs to something, but not immemorially; all those rights, privileges, and improvements which belong to and pass with the transfer of the property, but which are not necessarily a part of the actual property. Appurtenances to real property pass with the real property to which they are appurtenant, unless a contrary intention is manifested. Typical appurtenances are rights-of-way, easements, water rights, and any property improvements.
Articles of Incorporation	An instrument setting forth the basic rules and purposes under which a private corporation is formed.
Assessed Value	A valuation placed upon a piece of property by a public authority as a basis for levying taxes on the property.
Assessment	1) A tax levied on property by a taxing authority. 2) Payments made to a common interest subdivision homeowners association for maintenance and reserves.
Assessor	The official who has the responsibility of determining assessed values of real property for property tax purposes.
Assets	Items belonging to an individual or company that have present or future money value.
Assignment	A transfer to another of any property in possession or in action, or of any estate or right therein. A transfer by a person of that person's rights under a contract. The transfer of an interest in a bond, mortgage, lease or other instrument, in writing, by the assignor to the assignee.

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Assignment and Assumption Agreement	1) A transfer by mutual agreement of rights, interests, and obligations between sponsoring or ownership entities. 2) A Sponsor which receives an HCD award commitment may create a single-purpose affiliate entity to develop and operate the housing project. If so, the Sponsor will execute an Assignment and Assumption Agreement to turn the project over to the new corporation, which becomes the Borrower.
Assignment of Rents	A provision on a deed of trust (or mortgage) under which the beneficiary may, upon default by the trustor, take possession of the property, collect income from the property and apply it to the loan balance and the costs incurred by the beneficiary.
Assisted Unit	A dwelling unit, or a residential hotel unit, or a bedroom in a group home, which is designated for occupancy or occupied by eligible households in accordance with a Regulatory Agreement between the department and the sponsor.
Assumption Agreement	An undertaking or adoption of a debt or obligation primarily resting upon another person.
Assumption Fee	A lender's charge for changing over and processing new records for a new owner who is assuming an existing loan.
Assumption of Mortgage	The taking of the title to property by a grantee wherein grantee assumes liability for payment of an existing note secured by a mortgage or deed of trust against the property, becoming a co-guarantor for the payment of a mortgage or deed of trust note.
At Risk	1) Considered to face significant probability of future financial difficulty or default. Exposed to the possibility of loss. For HCD purposes, applies to any project under threat of one of the four default types: Administrative, Maintenance, Fiscal, or Occupancy. 2) Applies to existing subsidized affordable rental housing units, especially federally subsidized developments, that are threatened with conversion to market rents because of termination of use restrictions, due to expiration or non-renewal of subsidy arrangements.
Attorney in Fact	One who is authorized by another to perform certain acts for another under a power of attorney; power of attorney may be limited to a specific act or acts or be general.
Audit	An official examination and verification of financial records and accounts for the purpose of proving their accuracy, and the adequacy of accounting controls. An audit is usually performed by a professional accountant or auditor.
Audit Entrance Conference	Meeting prior to an audit, where the auditors explain their objectives and procedures to the managers of the units being audited, and specify desired access to staff and availability of records.

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Audit Exit Conference	Meeting following an audit, where the auditors outline their findings to the managers of the units being audited. The formal audit report is typically delivered elsewhere, to a control entity of the units being audited.
Award	An official public announcement that the department will loan or grant an amount of money to a particular recipient for a specific purpose. An award is a commitment by the department, but is not yet an encumbrance.
Balance Sheet	A statement of the financial condition of a business at a certain time showing assets, liabilities, and capital.
Balloon Payment	The final, large payment on a loan without a complete amortization schedule, which leaves a substantial amount of the principal to be paid at the termination date. The final payment of a partially amortized loan that is considerably larger than the required periodic payments.
Bankruptcy	A state of insolvency (inadequate assets to pay debts due) of an individual or an organization. The debtor entity requests to be relieved by a specialized bankruptcy court from the payment of its debts, and surrenders control of its assets to a court-appointed trustee. The court imposes on the debtor and its creditors a plan for partial or complete repayment of debts on a revised schedule, following which the entity is released from bankruptcy and resumes normal economic life. A more extreme form of bankruptcy leads to the liquidation of the debtor's assets and their distribution to creditors as the court prescribes.
Basis	1) Cost Basis: the dollar amount assigned to property at the time of acquisition under provisions of the Internal Revenue Code for the purpose of determining gain, loss and depreciation in calculating the income tax to be paid upon the sale or exchange of property. 2) Adjusted Cost Basis: The cost basis after the application of certain additions for improvements, etc., and deductions for depreciation, etc.
BEGIN	Building Equity and Growth In Neighborhoods (HOME Program)
Below Market Interest Rate	1) A loan interest rate significantly lower than prevailing market rates. 2) A loan made by a local finance entity for long-term financing at an interest rate no greater than 1% higher than the average interest rate charged by the California Housing Finance Agency on the agency's loans for long-term financing of multifamily rental developments from the agency's most recent bond issue.

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Beneficiary	1) One entitled to the benefit of a trust. 2) One who receives profit from an estate, the title to which is vested in a trustee. 3) One who receives a benefit. 4) The lender in a trust deed financing arrangement
Blanket Mortgage	A single mortgage which covers more than one piece of real property
Bond	An interest-bearing or discounted government or corporate security that obligates the issuer to pay the holder a specified sum of money, usually at specified intervals, and to repay the principal of the loan at maturity. <i>See Performance Bond</i>
Book Value	The current value for accounting purposes of an asset expressed as original cost plus capital additions minus accumulated depreciation
Borrower	In HCD terms, the entity which signs the loan documents and accepts the obligation to repay the loan. It is the entity that has the continuing relationship with HCD. The Borrower may be the Sponsor or another entity which has assumed the responsibilities for the loan and the responsibilities under the Regulatory Agreements.
BQHS	Best Quality HOME Servicing (HOME Program Loan Servicing Guidelines).
Bridge Loan	An interim short-term loan to finance a development between construction financing and long-term mortgage financing.
British Thermal Unit (B.T.U)	The quantity of heat required to raise the temperature of one pound of water one degree Fahrenheit.
Broker	A person employed for a fee by another to carry on any of the activities listed in the license law definition of a broker.
Building Code	A systematic regulation of construction of buildings within a municipality established by ordinance of law.
Building Restrictions	Zoning, regulatory requirements or provisions in a deed limiting the type, size and use of a building
Buydown	Funds provided usually by the builder or seller to temporarily reduce the borrower's monthly principal and interest payment.
Bylaws	Rules for the conduct of the internal affairs of corporations and other organizations.

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CAA	California Apartment Association
CADA	Capitol Area Development Authority
CALBO	California Building Officials
CALDAP-O	California Natural Disaster Assistance Program - Owner
CALDAP-R	California Natural Disaster Assistance Program - Rental
CALED	California Association For Local Economic Development
Cal-Vet Program	A program administered by the State Department of Veterans Affairs for the direct financing of farm and home purchases by eligible California veterans of the armed forces.
Capital Assets	Assets of a permanent nature used in the production of an income, such as land, buildings, machinery and equipment, etc. Under income tax law, the term is usually distinguishable from "inventory" which comprises assets held for sale to customers in ordinary course of the taxpayer's trade or business.
Capital Contribution	Money and/or property initially added to a project by the owners, developers or other interested party. The contribution usually adds to the security of the project.
Capital Gain	The difference between an asset's purchase and selling prices, when the difference is positive. Considered a special form of income for income tax computations, and taxed at a lower rate than ordinary income. Gains are short-term or long-term based on the length of holding period after acquisition.
Capitalization	The initial financing of a business. Method of estimating a property's value by considering net annual income as a percentage of a reasonable rate of return on an investment. (Income ÷ Rate = Value.)
Capitalization Rate	The rate of interest which is considered a reasonable return on the investment, and used in the process of determining value based upon net income. It may also be described as the yield rate that is necessary to attract the money of the average investor to a particular kind of investment. The value of an income property is determined by dividing annual net income by the Capitalization Rate.

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CAR	California Association of Realtors
Carrying Charges	1) Expense necessary for holding property, such as taxes and interest on idle property. 2) The payments made by cooperative housing project residents in lieu of rent; analogous to the contract rent payments for RHCP rental housing projects.
Cash Flow	The amount of cash remaining from project income after payment of all required operating expenses, required debt service, and any required reserve account contributions; but, before depreciation and other non-cash expenses. <i>Also see Negative Cash Flow .</i>
CBIA	California Building Industry Association
CBO	California Building Officials
CBSC	California Building Standards Commission
CC&Rs	Covenants, Conventions and Restrictions: provisions in contracts to purchase homes in private housing subdivisions or condominiums by which a homebuyer is contractually obligated to observe certain, often restrictive, rules governing the maintenance, modification and resale of the home.
CCFFP	Child Care Facilities Finance Program
CCR	California Code of Regulations
CCRC	California Community Reinvestment Corporation
CDBG	Community Development Block Grant
CDIAC	California Debt and Investment Advisory Commission
CDLAC	California Debt Limit Advisory Committee
CECRP	California Energy Conservation Rehabilitation Program (Defunct)
CEQA	California Environmental Quality Act

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Certificate of Insurance	A document issued by an insurance company to verify coverage.
Certificate of Title	A certified statement of opinions as to land ownership based upon examination of public title records.
CFHP	Century Freeway Housing Program
CFR	Code of Federal Regulations
Chain of Title	A history of conveyances and encumbrances affecting the title from the time the original patent was granted, or as far back as records are available, used to determine how title came to be vested in current owner.
CHAP	California Homeownership Assistance Program (Defunct)
Chattel Mortgage	A claim on personal property (instead of real property) used to secure or guarantee a promissory note. <i>See Security Agreement and Security Interest</i>
CHC	California Housing Council
CHDO	Community Housing Development Organization (HOME Program)
CHFA	California Housing Finance Agency
CHPC	California Housing Partnership Corporation
CHRP-O	California Housing Rehabilitation Program – Owner (Defunct)
CHRP-R	California Housing Rehabilitation Program – Rental (Defunct)
CHTF	California Housing Trust Fund
CIAP	California Indian Assistance Program
CID	Common Interest Development
CIRB	Construction Industry Research Board

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Civil Engineer	A professional designer and engineer of infrastructure (e.g., sewer and water systems).
Close of Escrow	Upon Loan Closing, the escrow company sends the Deed of Trust, the Request for Notices and any other documents which must be recorded to the title company (which may be the same entity). When recording is complete and the change of title is confirmed, the escrow agent disburses funds to the Borrower and other recipients (e.g., pest control firms, soil engineers or others owed for professional services) and distributes the paperwork to HCD and other parties as provided in the escrow instructions.
Closing Costs	The miscellaneous expenses buyers and sellers normally incur in the transfer of ownership of real property over and above the cost of the property.
Closing Documents	Documents required for a complete loan closing transaction. For HCD loan program closings, may include the Note, Deed of Trust, Loan Agreement, Regulatory Agreement, other lenders' documents, environmental clearances, market studies, project plans and specifications, local approvals, title reports and budgets, among others.
Closing Statement	An accounting of funds made to the buyer and seller separately. Required by law to be made at the completion of every real estate transaction. Final arrangements to transfer title of property, as well as allocate charges and credits.
Cloud of Title	A claim, encumbrance or condition which impairs the title to real property until disproved or eliminated as for example through a quitclaim deed or a quiet title legal action.
CLTA	California Land Title Association
CMA	California Manufacturers Association
CMB	Certified Mortgage Banker
CMBA	California Mortgage Bankers Association
CMHI	California Manufactured Housing Institute
COG	Council of Governments

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Coinsurance	1) The sharing of risks by more than one insurer. 2) A clause in an insurance policy stating the minimum percentage of value the owner must insure in order to collect the full amount of a loss (typically 80%).
Coinsured	All parties with an interest in properties named as insured, e.g., the owner and the lender.
Collateral	Property pledged as security for a loan.
Commercial Loan	Credit extended by a lending institution to a trade or business as a service of capital; for business start-ups, business expansion or debt refinance.
Commercial Space	Space available for rent or lease to business entities.
Commitment	A pledge, promise, or firm agreement to do something in the future, such as a loan company giving a written commitment with specific terms of mortgage loans it will make.
Common Area	1) Public areas in residential or commercial buildings such as kitchens, bathrooms, or laundry facilities, etc. 2) An entire common interest subdivision except the separate interests therein, e.g., the land, building structures, and recreational facilities of a condominium development.
Community Property	Property acquired by husband and/or wife during a marriage when not acquired as the separate property of either spouse. Each spouse has equal rights of management, alienation and testamentary disposition of community property.
Community Reinvestment Act (CRA)	Federal law requiring that financial institutions offer financial services in the areas from which they draw deposits.
Comparable Sales	Sales which have similar characteristics as the subject property and are used for analysis in the appraisal process. Commonly called "comparables", they are recent selling prices of properties similarly situated in a similar market.
Competitive Bidding	An entity which wishes to sell a security issue or let a contract at the best available price solicits offers according to certain rules (e.g., bids will be sealed and opened together in public; the best dollar price will win; etc.) from competing would-be buyers, vendors or contractors, and awards the issue or contract to the best bid.
Compound Interest	Interest paid on the on the original principal amount of a debt and also on the accrued, unpaid interest that has accumulated as the debt matures.

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Condominium	A form of real property ownership by a group in which the members hold undivided interest in common in a portion of the property (usually the land and the structures on it), and each member also holds a separate interest in a space within the property called a unit, the boundaries of which are described on a recorded final map, parcel map or condominium plan. The space within a unit may be filled with air (and the owner's belongings), earth, or water or any combination to these, and need not be attached to the land except by easements for access and support.
Congregate Housing	A multi-bedroom residence in which two or more families live and share common living areas and childcare, cleaning, cooking and other household responsibilities.
Constant	The percentage which, when multiplied by the loan amount, gives the annual amount of money necessary to pay a specified net rate of interest on the reducing balance and to liquidate the debt in a specified time period. For example, a 6% loan with a 20 year amortization has a constant of approximately 8.6%. Thus, a \$10,000 loan amortized over 20 years requires an annual payment of approximately \$860.00.
Construction Contingency	An amount budgeted in a construction loan to pay unanticipated costs incurred during construction. Typically ranges up to ten percent of estimated construction costs.
Construction Financing or Loan	A short-term loan to pay the costs of actual construction of a project. May include non-construction costs such as architect and attorney fees and land costs. Is typically paid off upon completion of construction from the proceeds of a bridge loan or permanent financing. Funds are usually dispersed in increments as the construction progresses.
Consultant	A person or firm that sells expert advice on a complex or specialized subject.
Contiguous	Adjacent, as in plots of land that touch along a common boundary.
Contract	A written or oral agreement to do certain things, made among two or more parties, that is enforceable by law. In HCD practice a single loan or grant may involve several written contracts: the Standard Agreement, the Loan Agreement or Development Agreement, the Regulatory Agreement, etc. A legal contract must have four essential elements: parties capable of contracting, consent of the parties, a lawful object, and consideration.
Contract Rent	Rent payable by a tenant to a landlord, usually as specified in a rental agreement or lease. May, but need not, include utilities.

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Contractor	Person or entity who signs a contract (can be sponsor, borrower, grantee, management agent, construction contractor, etc.). In HCD usage, the Sponsor or other entity which signs the Standard Agreement.
Contractor/Construction	Person or entity who contracts with a sponsor, borrower, etc., to perform construction or rehabilitation. Can be a "prime" contractor who performs overall management of construction for a project, or a "subcontractor" who contracts with the prime contractor to perform some portion of construction work on the project, such as plumbing, electrical, roofing, sheet-metal, tile, etc.
Conventional Loan	A private lender mortgage loan made without government underwriting or other additional guarantees for repayment, such as FHA insurance, Department of Veterans Affairs (DVA) guarantees, or private insurance; usually given at an 80% loan-to-value (LV) ratio. The type customarily made by banks, mortgage companies or savings and loan associations.
Conversion	1) Alteration of nonresidential space within an existing structure to residential use. 2) Change from one legal form or use to another, such as converting a rental apartment building to condominium or cooperative ownership. 3) The unlawful appropriation of another's property, as in the conversion of trust funds.
Conveyance	1) Transfer of title to property from one party to another. 2) The document or deed used to convey title.
Cooperative	A form of real property ownership by a group. A cooperative housing corporation, also called a stock cooperative, must be legally organized as a nonprofit entity, and is formed primarily for the purpose of holding title to improved real property where all or most of the shareholders receive a right of exclusive occupancy of a portion of the real property. Title to the property is held by the corporation. Right of occupancy is transferable by sale of shares in the corporation. A "limited-equity cooperative" has, among other restrictions, resale price controls on membership shares to preserve the affordability of membership.
Corporation	An entity established and treated by law as an individual or unit with rights and liabilities distinct and apart from those of the persons composing it. Being created by law it may continue for any length of time the law prescribes.
COSFDA	Council of State Community Development Agencies
Co-Signer	A second party who signs a promissory note together with the primary borrower.

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Covenant	A binding agreement or promise to do or not to do specific acts, such as a promise to build a house in a particular architectural style or to use or not use property in a certain way. May be enforceable by law, but may not have all the required features of a contract.
CPA	Certified Public Accountant
CPI	Consumer Price Index
CPM	Certified Property Manager (designation of the Institute of Real Estate Management)
CRA	California Redevelopment Association
CRA	Community Reinvestment Act
Credit (Accounting Use)	A bookkeeping entry on the right side of an account, recording the reduction or elimination of an asset or an expense, or the creation of or addition to a liability or item of equity or revenue.
Credit Report	Document indicating credit circumstances of a borrower of an individual or organization
CRLA	California Rural Legal Assistance Foundation
Crunch Down	Recasting an existing loan to a lower principal or interest rate as a result of bankruptcy or to avoid a foreclosure
CRV	Certificate of Reasonable Value (U.S. Dept. of Veterans Affairs appraisal term).
CSAC	California State Association of Counties
CSBG	Community Services Block Grant
CSG	Council of State Governments
CSHHP	California Self Help Housing Program
CTA	California Taxpayers' Association
CTCAC	California Tax Credit Allocation Committee

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CUP	Conditional Use Permit (local conditional approval of land use).
CUPR	Center For Urban Policy and Research
DAC	Disaster Assistance Center
Davis-Bacon Act	Federal law passed in 1931 which requires that construction workers on federally funded projects be paid wages no less than those prevailing on similar construction in the locality, as determined by the Secretary of Labor.
DDS-R	Department of Developmental Services - Rental
Debit (Accounting Use)	A bookkeeping entry on the left side of an account, recording the creation of or addition to an asset or an expense, or the reduction or elimination of a liability or item of equity or revenue.
Debt	That which is due from one person or another; obligation, liability
Debt Coverage Ratio	Relationship between net operating income (NOI) and annual debt service.
Debt Ratio	The relationship between a borrower's long-term debt payments and monthly income.
Debt Service	Required cash payments for interest on, and retirement of the principal amount of, a debt.
Debtor	A person who is in debt; the one owing money to another.
Decree of Foreclosure	Decree by a court ordering the sale of mortgaged property and the payment of the debt owing to the lender out of the proceeds.
Deed	Written instrument which when properly executed and delivered conveys title to real property
Deed in Lieu of Foreclosure	A deed to real property accepted by a lender from a defaulting borrower to avoid the necessity of foreclosure proceedings by the lender.

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Deed of Trust	Mortgage or trust deed through which a borrower conveys ownership of a property in trust to a trustee, as security for a loan, while the borrower retains the use of the property so long as the loan terms are met. When the loan is repaid, title is reconveyed to the borrower/trustor. If a default occurs, the trustee exercises the power of sale on behalf of the beneficiary. <i>See Trust Deed</i>
Default	Failure to perform an act or obligation that is contractually required. In loan terms, failure of a borrower to pay principal or interest when due
Default Reserve	Any funds authorized for use in the event of default or foreclosure. This may include either a specialized default reserve account, or an undifferentiated account for which there is authorization to use the funds for activities associated with defaults, foreclosures, disposition and related activities. These accounts are the usually the source(s) of the funds which pay for receiver services and trustee and related services.
Defeasance Clause	Clause included in a mortgage or loan instrument that provides for the cancellation of the mortgagee's (lender's) interest when the debt has been paid in full.
Defer	1) To put off until a future time, as in Deferred-Payment Loan. 2) To grant precedence to another, as where a lender accepts subordination of his or her lien to the lien of another lender on the same property. <i>See Subordination</i>
Deferred Maintenance	Existing but unfulfilled requirements for repairs and rehabilitation. Postponed or delayed maintenance causing decline in a building's physical condition.
Deferred Payment Loan	Loan on which principal and/or interest payments are deferred until the loan is paid off or reaches its term.
Deficiency Judgment	A judgment given by a court that the value of security pledged for a loan is insufficient to pay off the debt of the defaulting borrower.
Density Bonus	A minimum density increase of at least 25 percent over the zoned maximum density of a proposed residential development, required by state law to be granted to the developer by the city or county if the developer makes at least 20 percent of the units affordable to lower income households, or 10 percent affordable to very low income households, or constructs 50 percent of the units for seniors. (Government Code Section 65915 et. seq.)
Depreciation	1) The decline in value of a property through age, deterioration or obsolescence. 2) The term is also used in accounting to identify the decrease in value of an asset that is allowed in computing the value of the property for tax purposes. Also called write-off.

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Developer	Investor or group of investors which initiates development projects.
Development Agreement	Agreement to undertake a development, made among the parties with assets to contribute to the development (land, financing, construction expertise, etc.)
DFEH	Department of Fair Employment and Housing
DGS	Department of General Services
Direct Endorsement	An FHA program that allows loan originators to directly underwrite housing project loans, shortening processing time considerably.
Disabled	May include a family in which the head of household suffers from a developmental disability, physical handicap, or a mental disorder which would render him/her eligible to participate in programs of rehabilitation or social services conducted by or on behalf of a public agency, or a single person with such a developmental disability or mental disorder.
Discount	1) To sell a promissory note before maturity at a price less than the outstanding principal balance of the note at the time of sale. 2) An amount deducted in advance by the lender from the nominal principal of a loan as part of the cost to the borrower of obtaining the loan.
Discount Points	The amount of money the borrower or seller must pay the lender to get a mortgage at a stated interest rate. This amount is equal to the difference between the principal balance on the note and the lesser amount which a purchaser of the note would pay the original lender for it under market conditions. A point equals one percent of the loan.
Discount Rate	The rate that the Fed charges its members for funds borrowed on collateralized loans.
Disencumbrance	A release of funds from a commitment for which a contract was executed, usually because the intended recipient defaulted on contractual obligations, or completed obligations for less than the total authorized.
Distributions	The amount of cash or other benefits received from the operation of the rental housing development and available to be distributed to the sponsor or any party having a beneficial interest in the development, after payment of all due and outstanding obligations incurred in connection with the development, as set forth in the Regulatory Agreement.

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DOF	Department of Finance
DOH	Department of Housing (Old Acronym For HCD)
DPRLP	Deferred Payment Rehabilitation Loan Program (Defunct)
Draw	Portion of a construction loan or mortgage that is disbursed to a contractor as improvements to the property are made.
Draw Down	Partial disbursement of funds to a grantee or borrower from a grant or loan amount previously awarded.
DRE	Department of Real Estate
Duplex	A residential structure containing two housing units.
DVA (U.S. Department of Veterans Affairs)	The DVA guarantees the top portion of a mortgage loan to an eligible veteran.
Earnest Money	Deposit or partial payment made by a purchaser of real estate as evidence of good faith.
Easement	A right, privilege, or interest limited to a specific purpose which one party has in the land of another. For example, a right of use obtained by a public agency or utility from a landowner to run a water or sewer line across private property.
Economic Obsolescence	A loss in value of an asset due to economic or technological changes occurring elsewhere which adversely affects the functional or resale value of the asset
Effective Age of Improvement	The equivalent age of a structure as indicated by its condition, distinct from its chronological age
Effective Interest Rate	The interest rate actually being paid by the borrower for the use of the money, distinct from nominal interest
EHA	Employee Housing Act
EHAP	Emergency Housing Assistance Program

Glossary of Housing Terms

EIR	Environmental Impact Report
EIS	Environmental Impact Statement
Elderly Household	A family in which the head of household is 60 years of age or older, a single person 60 years of age or older, or an elderly or handicapped household as defined by H&S Code, Section 19903 and subject to Part 4.5 of Section 19902. The age may be adjusted by the agency to facilitate participation in other municipal, state, or federal programs. (H&S Code, Section 50067) CHRP & RHCP
Eligible Households	Households eligible to receive a particular public benefit, such as affordable housing. Eligibility may be defined by factors such as age, income, disability, family status, citizenship or legal residence status, etc. Very low income or other lower income households depending on the program.
Eminent Domain	The right of the government to acquire property for necessary public or quasi-public use by condition; the owner must be fairly compensated and the right of the private citizen to get paid is spelled out in the 5th Amendment to the United States constitution.
Encroachment	1) Improvements overlapping adjoining property. 2) In State Fair Housing law, housing may be reserved for age 62 or older, or 55 or older if the housing is a designated senior housing development, with special features and services for senior citizens.
Encumbrance	1) A commitment of funds for particular purposes by written contract. Funds are held by one party, but subject to another party's valid claim. 2) Anything which affects or limits the fee simple title to or value of property, e.g., mortgages or easements.
Engineer	Designer and developer of electric, electronic, plumbing, mechanical or other complex technical devices or systems.
Entity	Any individual, joint venture, partnership, limited partnership, trust, corporation, cooperative, local public agency, duly constituted governing body of an Indian rancheria, or other legal organization, or any combination.
EPA	Environmental Protection Act
Equity	1) The difference between the amount a property could be sold for and the claims held against it (e.g., the market value of a house minus the outstanding mortgage amount). 2) Ownership interest, such as that possessed by shareholders in a corporation -- stock as opposed to bonds. 3) Branch of remedial justice by and through which relief is afforded to suitors in courts of equity.

Glossary of Housing Terms

Equity Build-Up	The increase of owner's equity in property due to mortgage principal reduction and value appreciation.
Equity of Redemption	The right of an owner who has lost a property due to foreclosure to redeem the property during a certain period after a judicial sale.
Equity Participation	A mortgage transaction in which the lender, in addition to receiving a fixed rate of interest on the loan acquires an interest in the borrower's real property, and shares in the profits derived from the real property.
ERBS	Earthquake Resistant Bracing System (For Mobilehomes)
Escalator Clause	A clause in a contract allowing certain cost increases to be passed on, or providing for the upward or downward adjustment of certain rates or amounts in response to specified events or index changes. Often used in long-term leases to adjust rents to cover tax and maintenance increases. The right of an owner to recover property that has been foreclosed. <i>See Variable-Rate Mortgage</i>
Escrow	The deposit of instruments and/or funds with instructions with a third neutral party to carry out the provisions of an agreement or contract.
Escrow Agent/Company	A company which acts as a neutral functionary in real estate deals, receiving the funds involved, processing the legal documents, and distributing the funds according to rules agreed to by the buyer and seller.
Escrow Instructions	Rules agreed upon by the parties to a real estate transaction, by which an escrow company receives and distributes funds and processes legal documents to complete the transaction.
Estate	1) As applied to real estate, the term signifies the quantity of interest, share, right, equity, of which riches or fortune may consist in real property. The degree, quantity, nature and extent of interest which a person has in real property. 2) The belongings and wealth of an individual or entity.
Estoppel Certificate	Legal form that states the unpaid balance due on a loan as of a specified date and prevents, or "stops," any purchaser of the loan from claiming that the original borrower owes more than the stated amount.
Eviction	Legally dispossessing occupants of real property for unlawful detainer.
Executor	A person named in a will to carry out its provisions as to the disposition of the estate of a deceased person.

Glossary of Housing Terms

Factory Built Housing	In California, a specific type of modular transportable housing or housing components, built in a factory and designed for permanent installation on a foundation.
Fair Market Rents	HUD-promulgated rent limits, by area and by unit size, used to determine units eligible for use by holders of Section 8 rent assistance certificates and vouchers.
Fair Market Value	1) The amount a property would sell for on the open market. 2) The conceptual fair value of a property, used, for example, in determining the amount paid for public acquisition of a property through eminent domain. This is the amount of money that would be paid for a property offered on the open market for a reasonable period of time with both buyer and seller knowing all the uses to which the property could be put and with neither party being under pressure to buy or sell.
Fair Rate of Return	An annual amount of return on investment no greater than 8% of the sponsor's actual investment (excluding unaccrued liabilities of the sponsor) in the rental housing development. (SUHRP)
Farmers Home Administration (FmHA)	<i>See Rural Development</i>
Federal Deposit Insurance Corporation (FDIC)	Agency of the federal government which insures deposits at commercial banks, savings banks and savings and loans.
Federal Home Loan Mortgage Corporation (Freddie Mac)	An independent stock company which creates a secondary market in conventional residential loans and in FHA and VA loans by purchasing mortgages, packaging them into securities, and selling the securities.
Federal Housing Administration (FHA)	An agency within the U.S. Department of Housing and Urban Development that insures private mortgage loans for financing of new and existing homes and home repairs.
Federal National Mortgage Association (FNMA)	"Fannie Mae" a quasipublic agency converted into a private corporation whose primary function is to buy and sell FHA and VA mortgages in the secondary market.
Fee Simple Estate	The greatest interest that one can have in real property. An estate that is unqualified, of indefinite duration, freely transferable and inheritable.
FEMA	Federal Emergency Management Agency
FESG	Federal Emergency Shelter Grant
FHDP	Family Housing Demonstration Program
FHLBB	Federal Home Loan Bank Board

Glossary of Housing Terms

Fidelity Bond	A security posted for the discharge of an obligation of personal services.
Fiduciary	1) A person in a position of trust and confidence, as between principal and broker; broker as fiduciary owes certain loyalty which cannot be breached under the rules of agency. 2) That duty owed by an agent to act in the highest good faith toward the principal and not to obtain any advantage over the latter by the slightest misrepresentation, concealment, duress or pressure. 3) Responsibility of a trustee, pension or mutual fund manager to act in good faith as trustee of other peoples' money. Requires those who control such assets to manage them for the sole benefit of the plan or fund's participants.
First Time Homebuyer	A person who is a purchaser of an owner-occupied housing unit and has not owned a principal residence at any time during the last three years.
First Trust Deed	A legal document pledging collateral for a loan that gives the lender first priority over all other claims against the property except taxes and bonded indebtedness. A trust deed superior to any other. <i>See Trust Deed</i>
Fiscal Integrity	In RHCP and CHRP when the total of operating income plus funds released per the Regulatory Agreement from the operating reserve account is sufficient to 1) pay all current operating expenses, 2) pay all current debt service (excluding deferred interest), 3) fully fund all reserve accounts (other than the operating reserve account), 4) maintain a debt coverage ratio, where specified in the Regulatory Agreement, and 5) pay other extraordinary costs permitted by the Regulatory Agreement. The ability to pay any or all of the annual permitted distribution shall not be considered in determining fiscal integrity.
Fiscal Year	A business or accounting year as distinguished from a calendar year.
Fixed Rate Loan	The interest rate remains constant over term of loan.
FmHA	Farmers Home Administration; non Rural Development lends funds to farmers and rural residents unable to obtain financial assistance from other sources. <i>See Rural Development</i>
FMR	Fair Market Rent
FNMA	Federal National Mortgage Association (Fannie Mae)

Glossary of Housing Terms

FONSI	Finding of No Significant Impact
Forbearance	The postponement for a limited time of a portion or all of the payments on a loan in jeopardy of foreclosure. <i>See Moratorium</i>
Foreclosure	1) Court action to terminate the ownership of a mortgagor (debtor) of a mortgaged property by the mortgagee (creditor), for failure to make required payments or other default on the loan agreement. 2) The legal procedure of sale of a mortgaged property when the mortgagor fails to pay the debt. The proceeds of sale are applied to the mortgage debt, with any surplus returned to the mortgagor, and any deficit potentially the subject of a Deficiency Judgment, if asked for.
Forfeiture	Loss of money or anything of value, due to failure to perform.
Forgive	To grant freedom from, or remission of an obligation, or a debt.
For-Profit	Private entity organized as a profit-making enterprise. Since non-profit entities are exempt from paying taxes, only for-profit entities can use the benefit of tax credits. Therefore, all projects which utilize state or federal tax credits are "for-profit" entities. <i>See Nonprofit</i>
FRB	Federal Reserve Board
Freddie Mac	<i>See Federal Home Loan Mortgage Corporation</i>
FRM	Fixed Rate Mortgage
FSLIC	Federal Savings and Loan Insurance Corporation
FSR	Feasibility Study Report
FTB	Franchise Tax Board
Fully Indexed Note Rate	As related to adjustable rate mortgages, the index value (e.g., the treasury bill rate) at the time of application plus the lender's gross margin stated in the note.
Functional Obsolescence	A loss of value due to adverse factors from within the structure which affect the utility of the structure, value and marketability.
FWHG	Farmworker Housing Grant Program

Glossary of Housing Terms

Gap Financing	A loan commitment intended to fill in the gap between the permanent lender's commitment and the needed amount of long-term financing.
General Obligation Bonds	Government-issued bonds which are backed by the full faith and credit (i.e., promise to repay, using public taxing and borrowing powers) of the state or local government issuer. Because of their high security, GO bonds generally sell at lower percentage return rates than revenue bonds.
General Partner	In a partnership, it is a partner whose liability is not limited. All partners in an ordinary partnership are general partners. A limited partnership must have at least one general partner. A general partner may be a person, corporation, or partnership.
Government National Mortgage Association (GNMA)	An agency of HUD, which functions in the secondary mortgage market, primarily in social housing programs. Commonly called by the acronymic nickname "Ginnie Mae". Created in 1968 to take over special assistance and liquidation functions of FNMA; participates in the secondary market through its mortgage-backed securities pools.
Graduated Lease	Lease which provides for a varying rental rate, often based upon future determination; sometimes rent is based upon result of periodical appraisals; used largely in long-term leases.
Graduated Payment Mortgage (GPM)	Payments are adjustable. Providing for partially deferred payments of principal at start of loan. (There are a variety of plans.) Usually after the first five years of the loan term the principal and interest payment are substantially higher, to make up principal portion of payments lost at the beginning of the loan. <i>See Variable Interest Rate</i>
Grant	1) An award of money for a specific purpose without expectation of repayment. However, a grant is usually subject to contractual conditions, and may be disencumbered or required to be repaid if the grantee defaults on contractual conditions. 2) A technical legal term in a deed of conveyance bestowing an interest in real property on another.
Grant Deed	a limited warranty deed using the word "grant" or like words that assures a grantee that the grantor has not already conveyed the land to another and that the estate is free from encumbrances placed by the grantor.
Grantee	Recipient of a grant. <i>See Subgrantee.</i>
Grantor	A person who transfers his or her interest in property to another by grant.
Gross Income	Total income from property before any expenses are deducted.

Glossary of Housing Terms

Gross Margin	With regard to an adjustable rate mortgage, an amount expressed as percentage points, stated in the note which is added to the current index value on the rate adjustment date to establish the new note rate. <i>See Fully Indexed Note Rate.</i>
Gross Rent	Contract rent plus an estimate of the cost of utilities to the tenant, if not included in the contract rent.
Ground Lease	An agreement for the use of the land only, sometimes secured by improvements placed on the land by the user.
Grouphome	A residential structure or structures, including a residential hotel, where five or more handicapped persons or households or others with a common condition or disability reside, share common facilities and receive direct and supportive services provided under the supervision or oversight of the local public official responsible for services to the designated tenant population. Intermediate care or skilled nursing facilities are not considered group homes.
Guarantee	A commitment or contract in which one party assumes responsibility to assure the payment or fulfillment of another party's debt or obligation.
H/E	Housing Element
HA	Housing Authority, Housing Agency
HAC	Housing Assistance Council
Handicapped	For HCD purposes, usually a family in which the head of the household is suffering from an orthopedic disability impairing personal mobility or a physical disability affecting his/her ability to obtain employment, or a single person with such an orthopedic or physical disability, where the family or person requires special care or facilities in the home. <i>See Disabled</i>
HAP	Housing Assistance Program
Hard Cost	The costs of a project that actually become part of the improvements, e.g. building materials, land; as opposed to soft costs such as; planning, designing and permit fees.
Head of Household	An individual who actually supports and maintains in one household one or more individuals who are closely connected with him/her by blood relationship, relationship by marriage, or by adoption, and whose right to exercise family control and provide for the dependent individuals is based upon some moral or legal obligation. May include a person designated by the family for persons living in family relationships, as evidenced by documentation.

Glossary of Housing Terms

Health and Safety Code (HSC)	Contains most of HCD's enabling Statutes contained in Title 25 of California Code of Regulations (CCR).
Highest and Best Use	An appraisal phrase meaning that use which at the time of an appraisal is most likely to produce the greatest net return to the land and/or building over a given period of time; that use which will produce the greatest amount of amenities or profit. This is the starting point for appraisal.
Holdover Tenant	Tenant who remains in possession of leased property after the expiration of the lease term.
HOME	Home Investment Partnership Program
HOPE	Homeownership and Opportunity For People (HUD Program)
Household Income	1) For eligibility purposes in HCD-assisted multifamily housing, the anticipated gross income of the household for the twelve-month period following the date of determination of income. 2) Gross household income includes all payments from all sources received by all household members who are not minors. In some programs, when a household has net family assets in excess of \$5000, income shall also include the actual amount of income, if any, derived from the assets, or 10% of the value of all assets, whichever is greater. (Title 25, Section 6914).
Housing Development	Construction projects consisting of five or more residential units, including single family, multifamily, or mobilehomes for sale or rent.
Housing Quality Standards (HQS)	Acceptability criteria for housing assisted through the HUD Section 8 programs. Program housing must comply with HQS both at initial occupancy and during the term of the assisted lease.
Housing Rehabilitation	<i>See Rehabilitation</i>
HUD	U.S. Department of Housing and Urban Development. Regulates FHA and GNMA. Responsible for the implementation and administration of U.S. government housing and urban development programs.
IDIS	Integrated Disbursement and Information System (HUD's disbursement tracking system for federal programs).
IFB	Invitation For Bid
ILT	In Lieu Taxation (Vehicle type taxation of non-property taxed mobilehomes).

Glossary of Housing Terms

Impounds	A trust type account established by lenders for the accumulation of borrowers' funds to meet periodic payment of taxes, FHA mortgage insurance premiums, and/or future insurance policy premiums, required to protect lender's security. Impounds are usually collected with the note payment. The combined principal, interest, taxes and insurance payment is commonly termed a PITI payment.
Improvement Fixtures	In the strict legal sense, land appurtenances which are affixed to the land, and which by law are immovable.
Income Limits	The ranges of income, published annually by the Department, based on federal area median income estimates, under which households are eligible to occupy assisted units. "Very low" income means not over 50% of AMI, adjusted for family size.
Infrastructure	Physical systems such as roads, sidewalks, street lights, water and sewer facilities necessary to provide basic community services.
Initial Note Rate	With regard to an adjustable rate mortgage, the note rate upon origination. This rate may differ from the <i>fully indexed note rate</i> .
Initial Operating Year	The initial period of operation of the rental housing development, beginning at the time of the initial occupancy of the first assisted unit and ending on the last day of the fiscal year of the development.
Initial Rate Discount	As applies to an adjustable rate mortgage, the index value at the time of loan application, plus the margin, less the <i>initial note rate</i> .
In-Kind Contributions	Include, but are not limited to, contributions directly related to the housing development in the form of: 1) labor, 2) land and/or site development, 3) existing structures, and 4) materials.
Inspection	An examination of a building site or building, incomplete or complete, usually by a qualified professional inspector, to determine whether the construction work and structure meet applicable standards or contractual provisions for design, construction, maintenance, use or operation. Types of inspections include construction, code, progress payment, permit-to-operate, and monitoring.
Installment Note	A note which provides for a series of periodic payments of principal and interest, until amount borrowed is paid in full. This periodic reduction of principal amortizes the loan.

Glossary of Housing Terms

Institutional Lender	A financial intermediary or depository, such as a savings bank, commercial bank, or life insurance company, which pools money of its depositors and then invests funds in various ways, including trust deed and mortgage loans.
Interest	1) The amount charged or paid for the use of money. 2) A portion, share or right in something; partial, not complete, ownership.
Interest Only Loan	The principal is repaid in a lump sum balloon payment at maturity. A term loan arrangement calling for payments of interest only, not to include any amount of principal.
Interest Rate	Charge for the use of money, expressed as a percentage per month or year of the sum borrowed.
Interim Loan	A short-term, temporary loan used until permanent financing is available, e.g., a construction loan. <i>See Gap Financing and Bridge Loan</i>
IT	Information Technology (Formerly Data Processing Branch)
Joint Tenancy	Undivided ownership of a property interest by two or more persons each of whom has a right to an equal share in the interest and a right of survivorship.
Judgment Lien	A legal claim on all of the property of a debtor which enables the creditor to have the property sold for payment of the amount of the judgment.
Junior Mortgage	A mortgage recorded subsequent to another mortgage on the same property or made subordinate by agreement to a later recorded mortgage.
Land Contract	Land sales arrangement whereby the buyer uses the land but does not receive title until all or a prescribed part of the purchase price has been paid. Also commonly called a conditional sales contract, installment sales contract or real property sales contract.
Landlord	One who rents his or her property to another. The lessor under a lease.
Lease	A contract for the use of property for a term of months or years, usually in return for a specified monthly or annual rental. Sometimes used as an alternative to purchasing property outright, as a method of financing right to occupy and use real property.
Lease Option	A rental agreement including a tenant's option to purchase the property.
Legal Description	Official definition of a parcel of real estate that is on file at the county recorder's office. A land description recognized by law; a description by which property can be definitely located by reference to government surveys or approved recorded maps.

Glossary of Housing Terms

Lender	A public or private entity which lends money to finance the construction, rehabilitation or ownership of property.
Lessee	One who contracts to rent, occupy, and use property under a lease agreement; a tenant.
Lessor	An owner who enters into a lease agreement with a tenant; a landlord.
Leverage	1) The use of loan or grant funds to maximize the amount of investment in a project from other sources, or maximize the return per dollar invested. 2) The amount of other funds invested in a project.
LHA	Local Housing Authority
Lien	1) A contingent, contractual or legal claim held by a creditor against the property of a debtor in the event of failure to pay a debt. A residential mortgage is probably the most common form. 2) A form of encumbrance which usually makes specific property security for the payment of a debt or discharge of an obligation. Example: judgments, taxes, mechanics, deeds of trust, etc.
Limited Equity Housing Cooperative	A nonprofit corporation or nonprofit housing sponsor (Section 50076.5 of the Health & Safety Code). <i>See Cooperative</i>
Limited Partner	A passive investor in a Limited Partnership. A Limited Partner puts up a share of the money, gets a share of the profits or benefit of tax credits, can lose no more than the amount he or she has invested, and generally has no management role or authority other than to participate in the hiring (and firing) of the General Partner.
Limited Partnership	A partnership consisting of a general partner or partners and limited partners in which the general partners manage and control the business affairs of the partnership.
Line of Credit	An agreement with a lender for a maximum dollar amount in loan funds to be withdrawn by the borrower as needed and repaid according to agreed upon terms and conditions.
Liquidation	The sale of non-cash assets, for example property or business, for cash.
Liquidity	The quickness and ease with which an investor can exchange a security interest or other non-cash assets for cash, without significant loss.
LISC	Local Initiatives Support Corporation
Loan	A sum of money lent for a specified period and repayable usually with interest.

Glossary of Housing Terms

Loan Administration	Also called loan servicing Mortgage bankers not only originate loans, but also “service” them from origination to maturity of the loan through handling of loan payments, delinquencies, impounds, payoffs and releases.
Loan Amount	A sum of money lent for a specified period and repayable usually with interest.
Loan Closing	For HCD loans, when the Borrower signs the loan documents: the Note, the Deed of Trust, the Loan Agreement (also called the Development Agreement), and the Regulatory Agreement which establishes criteria for project operation, rents, eligible tenants, etc. HCD also signs the Regulatory Agreement. There may also be a Subordination Agreement if HCD accepts a junior lien position. Other documents which HCD requires for loan closing may include a Request for Notices, to be recorded on the property deed, so that HCD will receive any notices of default by the Borrower which are filed by lienholders senior to HCD; a Title Insurance Policy issued by the title company and usually paid for by the Borrower; and a Settlement Statement by the title company listing the sources and distribution of all funds in the transaction. Process by which all the parties to a real estate transaction conclude the details of a sale or mortgage. The process includes the signing and transfer of documents and distribution of funds.
Loan Closing, Final or Secondary	Where a rental housing project receives a construction loan from HCD, the completion of construction may lead to a new loan agreement in which the construction loan is “rolled over” into long-term permanent or mortgage financing. A final or secondary closing typically involves new loan conditions, and may reflect new private lenders or other parties to the project.
Loan Closing, Initial	The closing of a construction loan, when its eventual roll-over into permanent financing is anticipated. <i>See Loan Closing, Final or Secondary</i>
Loan Management (Includes Monitoring and Loan Servicing)	Supervising and administering a loan after it has been made. Includes collecting payments, keeping account records, computing amounts of interest or principal due, renewal, refinancing, annual project budget reviews, subordinations, site visits, compliance reviews, audits, and foreclosure of defaulted loans.
Loan Per Unit	Average amount of a loan per unit in a multi-unit project.
Loan Position	The security position of a loan relative to other loans on the same property. As a rule, a loan recorded at an earlier date will have a loan position that is superior – that is, will have a prior claim on the collateral in the event of foreclosure – to that of a later recorded loan. A lender may consent, however, through a <i>subordination agreement</i> , to accept a loan position inferior to that of a later loan.

Glossary of Housing Terms

Loan-To-Value (LTV) Ratio	1) The percentage of a property's value that a lender can or will loan to a borrower. For development projects, the ratio may apply to the projected value on completion. 2) The relationship between the amount of a mortgage loan and the value of the collateral property; expressed as a percentage.
Local Assistance	1) One of three components of the State budget for each department. The other two are support and capital outlay. 2) The amount of State and/or Federal funds available to loan or grant to eligible applicants.
Local Public Entity	Any county, city, city and county, redevelopment agency or public housing authority, and also includes any state agency, public district or other political subdivision of the state, and any instrumentality thereof. It includes the governing body or housing authority of a federally recognized Indian tribe.
Low Income Housing Tax Credit Program (LIHTC)	Federal housing subsidy program that gives tax credits or reductions in federal income tax liability as incentives for investment in affordable housing projects. The owners of LIHTC projects receive tax credits each year for 10 years. The program is often used by <i>limited partnerships</i> made up of nonprofit developers that build and manage the projects (<i>general partners</i>), and for-profit passive investors (<i>limited partners</i>) who receive shares of the project's tax credits. The federal government allocates tax credit amounts to states based on population. In California, tax credits are awarded by the Tax Credit Allocation Committee (TCAC) in the Office of the Treasurer.
Lower (or Low) Income Household	Persons or families whose income does not exceed the qualifying limits for lower income families as established and amended pursuant to Section 8 of the United States Housing Act of 1937, and published annually by the Secretary of Housing and Urban Development (HUD). These limits are equivalent to 80% of the area median income, adjusted for family size. (H & S Code Section 50079.5)
Lower Income Non-Assisted Unit	A dwelling unit, or residential hotel unit, or a bedroom in a group home, other than an assisted unit. The unit is regulated by virtue of participation in the federal tax credit program state tax credit program. The HUD Section 8 or Section 202 program, or other governmental program where the occupancy and rent requirements, and the term of the occupancy and rent requirements, shall be equal to or greater than the requirements of the federal tax credit program.
Lower (or Low) Income Unit	An assisted unit designated for occupancy by any <i>lower income household</i> .
M&M	Monitoring and Management

Glossary of Housing Terms

Management Agent	The person or organization that is hired under the management contract to manage a housing project. Responsibilities of the management agent include unit rental, rent collection, project maintenance, and reporting, as described in detail in the project's management plan.
Management Plan	An owner or management agent's written plan for the operation of a housing project. The Regulatory Agreement requires the management plan be prepared and followed. A management plan typically addresses project maintenance, policies toward tenants, bookkeeping and financial standards, routine staff procedures, etc.
Managing General Partner	An entity responsible for the day-to-day activities of a partnership.
Manufactured Housing	A mobilehome as defined by Section 18008 of the Health and Safety Code, or factory-built housing as defined in Section 19971 of the Health and Safety Code. <i>See Mobilehome</i>
Market Price	The actual price paid regardless of pressures, motives or intelligence.
Market Rent	The rent that a comparable unit would command in a competitive market.
Market Study or Feasibility Study	A study of housing supply and demand in the market area of a proposed project to estimate whether it will be able to sell or rent its units at the planned prices.
Market Value	The highest amount which a property will bring in a competitive and open market and under all conditions required for a fair sale, i.e., the buyer and seller acting prudently, knowledgeably and neither affected by undue pressures.
Marketing	Active efforts to find tenants or buyers for a housing project, including advertising.
Match	Funds or in-kind assets such as land which a grantee contributes to a project as a requirement of the grant or loan.
Maturity Date	The date on which a loan debt will be extinguished if repaid in accordance with the loan agreement.
MCC	Mortgage Credit Certificate
Mechanic's Lien	A lien created by statute which exists against real property in favor of persons who have performed work or furnished materials for the improvement of the real property. It cannot be foreclosed, but must be satisfied before property can be transferred.

Glossary of Housing Terms

Mello-Roos Bonds	A state law that allows local governments to issue bonds to pay for park and open space acquisitions, infrastructure and public facilities, and to levy special taxes to pay off the bonds. Mello-Roos bonds have been useful in the post-Proposition 13 taxing and funding environment because in uninhabited areas they can be approved by two-thirds of the property owners in the affected area. A developer with an empty site can vote in Mello-Roos bonds to pay for infrastructure, build and sell houses, and leave the new residents to pay off the bonds.
MH	Mobilehome or Manufactured Housing
Mobilehome	A structure transportable in one or more sections, designed and equipped to contain not more than two dwelling units to be used with or without a foundation system. "Mobilehome" does not include a recreational vehicle, as defined in Section 18010.5 of the Health and Safety Code, a commercial coach, as defined in Section 18012 of the Health and Safety Code, or factory-built housing, as defined in Section 19971 of the Health and Safety Code.
Mobilehome Park (MHP)	A tract of land where two or more mobilehome lots are rented or leased to accommodate mobilehomes or manufactured homes for human habitation.
Mobilehome Park Resident Ownership Program (MPROP)	HCD program to help mobilehome park residence own and control their parks.
Moderate Income Household	Persons or families with incomes between 80% and 120% of the area medium of the area median income adjusted for family size. (Title 25, Section 6930)
Mortgage	An instrument recognized by law by which property is pledged to secure the payment of a debt or obligation.
Mortgage Writedown	The reduction of the principal and/or interest owed on a loan.
Mortgagee	A lender.
Mortgagee's Title Insurance	An insurance policy protecting the lender for the amount of the loan in the event of a future title dispute.
Mortgagor	A borrower.
Multi-Family Housing	A residential structure containing more than one housing unit, typically rental apartments or condominiums. The Census defines generic multifamily housing as having five or more units, with one-to-four unit structures being considered a separate category. See <i>Duplex, Triplex, Quadplex</i>

Glossary of Housing Terms

Multiple Listing Service (MLS)	An association of real estate agents providing for a pooling of listings and the sharing of commissions on a specified basis.
NAHB	National Association of Home Builders
NAHRO	National Association of Housing And Redevelopment Officials
NEC	National Electrical Code
Negative Amortization	Occurs when monthly installment payments are insufficient to pay the interest accruing on the principal balance, so that the unpaid interest must be added to the principal due.
Negative Cash Flow	An amount that occurs when project income is insufficient to pay required operating expenses, required debt service, and any required reserve account contributions. Insufficient cash leading to postponement or deferral of required reserve account contributions is by definition, a negative cash flow situation. <i>Also see Cash Flow.</i>
NEPA	National Environmental Protection Act
Net Income	The money remaining after expenses are deducted from income; the profit.
Net Lease	A lease requiring a lessee or tenant to pay charges against the property such as taxes, insurance and maintenance costs in addition to rental payments.
New Construction	The erecting of new structures as part of a development project, as opposed to reconstruction or rehabilitation of existing structures.
NHLP	National Housing Law Project
NLIHC	National Low Income Housing Coalition
Non-Assisted Units	All units in a project which are not designated as assisted units per the Regulatory Agreement between the Department and Sponsor. These units may be regulated by other programs (e.g., tax credits).

Glossary of Housing Terms

Nonprofit	Entity organized as a nonprofit corporation under state and federal law. A nonprofit may not pay earnings to private shareholders or individuals. <i>See For-Profit</i>
Notary Public	A certified officer with authority to verify the authenticity of the signatures of persons executing documents.
Note	1) A signed written instrument acknowledging a debt and promising payment, according to the specified terms and conditions. <i>See Promissory Note</i>
Note Rate	The amount of interest charged on an annual basis to the borrower. Also called the “accrual rate”, “contract rate” or “coupon rate.”
Notice of Cancellation	A notice from an insurance company to the insured and other affected parties, that an insurance policy is nearing cancellation or has been cancelled.
Notice of Default	A notice to the borrow that the lender considers the borrower to be in violation of the terms of the loan. Usually includes a grace period for the borrower to cure or remedy the default, and penalties for failure to do so, such as that the lender will foreclose or seek appointment of a receiver for the property.
Notice of Fund Availability (NOFA)	An announcement sent to interested parties that an amount of funding will be awarded from a program, according to listed criteria and schedules. May include application forms and instructions. <i>See Request ForProposal</i>
Notice of Intent (NOI)	A notice by the owner of a subsidized housing development of intent to terminate or not to renew the subsidy and to convert the project to market rents. Also known as opt-out.
Notice to Quit	A notice to a tenant to vacate rented property.
Offer to Purchase	The proposal made to an owner of property by a potential buyer to purchase the property under stated terms.
Off-Site Improvements	Infrastructure (streets, utilities, etc.) or other improvements which contribute to the value and functioning of a project but which are located off the project site.
OLM	Owner Loan Management
OMS	Office of Migrant Services
On-Site Improvements	Improvements, generally other than the project structures themselves, such as landscaping, grading, accessory structures, etc., which are part of the project and located on the project site.

Glossary of Housing Terms

Operating Expenses	Amounts necessary to pay for the recurring expenses of the project, including utilities, maintenance, management, property taxes, and licenses, but not including debt service and required reserve account deposits.
Operating Income	All income generated in connection with the operation of the rental housing development including rental revenue for assisted and non-assisted units, rental revenue for commercial space, laundry and equipment rental fees, rental subsidy payments, and interest on any accounts related to the rental housing development. Does not include security and equipment deposits, payments for direct or supportive services that tenants are not required to pay for, or tax benefits received by the sponsor.
Operating Reserves	Funds set aside to pay for shortfalls in operating income.
Opt-out	<i>See Notice of Intent</i>
Option	A purchased contractual right to buy or sell property at a set price within a specified time.
Over The Counter (OTC)	Loan or grant process where applications are accepted on a first-come, first-served basis.
Owner	The entity which holds title to the improvements (buildings) that constitute a project, and usually to the land as well, unless a Third-Party Interest exists. The Owner is usually also the Borrower, and may also be the Sponsor.
Owner Builder	Any person or family who provides all, or a substantial amount of the labor necessary to build a housing unit that will be the principal residence of that person or family.
Owner-Occupant	An owner of a one to four unit residential property who uses one of the units as principal residence.
Owner's Title Insurance	An insurance policy protecting the buyer for the amount of the purchase price of the property in the event of a future title dispute.
Partial Reconveyance	An instrument releasing the lien of a deed of trust from a portion of the property.
Partially Amortized	Loan repayment schedule that provides for periodic payments of principal and interest up to a certain stop date, at which time the balance of the principal is due in full. <i>See Balloon Payment.</i>
Participating Administrative Entity	HUD's contract administrative agent for restructuring project-based Section 8 housing contracts for projects that are in financial difficulty or are threatened with conversion to market rents. The PAE can either be a housing agency or a private contractor.

Glossary of Housing Terms

Participation	The sharing of financial interest in a property by a lender. The lender receives a share in the proceeds of sale of the property (e.g., in HCD's CHAP program, where the mechanism was called Equity Sharing). For income properties, a lender with participation may also receive a percentage of gross income as well as interest and principal payments. Also called equity participation or revenue sharing.
Partnership	An agreement of two or more entities to contribute their property, labor or skills, in pursuit of a joint and lawful venture, and to share the profits and risks in certain proportions.
Payment Adjustment Date	With regard to an adjustable rate mortgage, the date the borrower's monthly principal and interest payment may change. <i>See also Rate Adjustment Date</i>
Payment Cap	With regard to an adjustable rate mortgage, limits the increase in the borrower's monthly principal and interest at the payment adjustment date. This limitation is often at the borrower's option and may result in negative amortization.
Performance Bond	A promise issued by an insurance or bonding company to pay a certain amount to a party (Party A) to a contract in the event the bonded person or firm (Party B) fails to carry out its terms.
Periodic Interest Rate Cap	With respect to an adjustable rate mortgage, limits the increase or decrease in the note rate at each rate adjustment, thereby limiting the borrower's payment increase or decrease at the time of adjustment. <i>See also Payment Cap</i>
Permanent (Long-Term) Financing	A mortgage loan on a completed residential project, with the proceeds of which the owner typically pays off any remaining predevelopment, construction or bridge loans. The loan is intended to remain in place until the owner either 1) refinances, 2) sells the project and pays off the loan with the proceeds, or 3) pays off the loan at maturity.
PHA	Public Housing Authority
PHADA	Public Housing Authorities Directors' Association
Phase	Development of a free-standing part of a larger development project, such as construction of one of several planned apartment buildings or groups of single-family homes. A project may be built in phases over a number of years so as not to flood the available market, or because financing is available only in amounts less than necessary for the entire project.
PHH	Permanent Housing For The Handicapped Homeless Program

Glossary of Housing Terms

PITI	Principal, Interest, Taxes and Insurance
PJ	Participating Jurisdiction (HOME Program)
Planning & Technical Assistance (P/TA)	A component of CDBG by which eligible small cities and counties can apply for grants to conduct planning and feasibility studies related to CDBG eligible activities.
Plat Map	A map of land made by a surveyor showing the boundaries, buildings, and other improvements.
PMI	Private Mortgage Insurance. Mortgage guaranty insurance available to conventional lenders on high risk portion of a loan, usually loan amounts above 80% of value.
Points	<i>See Discount Points</i>
Power of Attorney	A written instrument whereby a principal gives authority to an agent. The agent acting under such a grant is sometimes called an attorney in fact.
Predevelopment Loan	Short-term loan to finance the costs of project development that occur before construction begins: land costs, architect, engineering and attorney fees, permit fees, site preparation, etc. Predevelopment loans made by HCD's Predevelopment Loan Program are typically repaid within three years, from the proceeds of construction financing.
Predevelopment Loan Program (PDLP)	HCD program that provides predevelopment capital to finance the start of low income housing projects in rural areas or the preservation of the affordability of existing projects in urban areas.
Preliminary Title Report	A report provided from a title insurance company to the lender, prior to loan closing, which includes a description of the property, the owner of record, taxes, bonds and assessments then owing, a reference to recorded covenants, conditions and restrictions affecting the property, encumbrances of record and certain other "exceptions" which will not be insured and, therefore, often must be cured before the loan will be granted.
Premium	1) The price of an insurance policy usually paid periodically. 2) The amount by which the price of a bond exceeds the par value of the bond.
Prepayment Clause	Clause that provides for a penalty to be levied against a borrower who repays a loan before the specified due date.
Prima Facie	Latin meaning first sight, a fact presumed to be true until disproved.

Glossary of Housing Terms

Principal	1) The amount of a loan. "Principal balance" means the amount of a loan that remains to be repaid, not including interest due. 2) The face amount of a bond, exclusive of accrued interest. One of the main parties in a real estate transaction, such as a buyer, borrower, seller, lessor.
Priority Lien	A lien which is senior or superior to others.
Pro Forma	Latin meaning "for the sake of form." An outline analysis of the projected costs and revenues of a proposed development project, based on assumed or estimated facts. Typically by applicants for financing, as evidenced by that their projects are financially feasible.
Pro Rata	In proportion; according to a certain percentage or proportion of a whole.
Program	The statutory loan or grant activity for which funds were appropriated.
Program Income	Funds earned during the administration of a program including loan repayments, interest earnings or fees. In the federal HOME and CDBG programs, "program income" means repayment to city and county grantees of loaned program funds and interest by subgrantees, or repayments to HCD of funds and interest by a CHDO or local government borrower.
Project	A self-contained, distinct housing development or community development activity, typically at a single address and subject to one contract. For HOME, CDBG or CHRP-O, a project may be a subactivity under an HCD contract with a city, county or nonprofit which in turn makes loans or grants to subrecipients.
Project Monitoring	Periodic (typically annual, but may be less often for projects considered to have low risk of default) review of the operation, management, physical condition, plans, financial accounts and reports of a housing project to assess and assure the security of a loan on the project. Includes at least documentary review, and may also include site visits and inspections.
Project Resident Manager	The manager of a multi-family housing project who resides on site, usually rent-free.
Promissory Note	A promise to repay a specified sum to a specified entity under specified terms. The promissory note establishes personal liability for its payment, it is evidence of the debt.
Property Management	The business of marketing, operating, and maintaining rental properties.

Glossary of Housing Terms

Prudent Person Rule	A trustee must exercise the judgment and care that persons of prudence, discretion and intelligence exercise in the management of their own financial affairs, to seek reasonable income, preserve capital, and in general avoid speculative investments.
PUD	Planned Unit Development
Purchase and Leaseback	The purchase of property by buyer and immediate leaseback to seller.
Quadplex (4-Plex)	A residential structure containing four housing units.
Quitclaim Deed	A deed to relinquish any interest in property which the grantor may have, without any warranty of title or interest.
Rate Adjustment Date	With respect to an adjustable rate mortgage, the date the borrower's note rate may change. See Payment Adjustment Date
RD	Rural Development (formerly Farmer's Home Administration (FmHA)). A federal housing program under the United States Department of Agriculture (USDA).
RDA	Redevelopment Agency
Real Estate Investment Trust (REIT)	A real estate investment mutual fund, allowed by federal law to avoid corporate income tax so long as it invests only in real estate equities and mortgages. Small investors can buy shares of ownership and must pay personal income tax on dividends.
Real Estate Syndicate	An organization of investors usually in the form of a limited partnership who have joined together for the purpose of pooling capital for the acquisition of real property interests.
Real Property	All lands, including improvements, fixtures, rights and privileges incident to the property, including leaseholds and liens.
Receivable	Business asset comprising amounts due from others.
Receiver	A person or entity appointed by a court at the petition of a creditor to assume the management (but not the ownership) of a project in default or bankruptcy, or for other reasons deemed appropriate by the court.
Receivership	The legal custody of property or funds by a court appointed administrator in a default, bankruptcy or litigation.

Glossary of Housing Terms

Recertification	The periodic, usually annual, review of the incomes and household composition of existing tenants of assisted housing units, to determine eligibility or rent.
Recertification Date	The date the process of re-certifying tenant eligibility and/or rent is completed. The date may be tied to the household's original occupancy date or a mass certification date set by the project.
Reconciliation	1) A settling or balancing of accounts. 2) In HCD practice, the periodic comparison of program financial records to Accounting Branch records, and the analysis, resolution and adjustment of differences to bring the records into agreement. 3) A cash reconciliation statement completed by the escrow agent prior to disbursing escrow funds, that accounts for all receipts and disbursements of cash received and made by the escrow.
Reconstruction	In HCD practice, replacing an existing residential housing structure (single or multi-family) with a housing structure of similar type, amenity level, range of unit sizes, and with not less than an equal number of units.
Reconveyance	The transfer of title to property back to the equity owner after a trust deed debt has been paid in full.
Recording	The process of entering into the public record instruments affecting the title to real property. Documents filed with the Recorder are considered to be placed on open notice to the general public of that county. Claims against property usually are given a priority on the basis of the time and the date they are recorded.
Redevelopment Agency	A city or county agency created pursuant to State law to promote the redevelopment of blighted areas, funded by local property taxes.
Refinancing	The paying-off of an existing obligation with the proceeds of a new obligation.
Regulatory Agreement	The legal document entered into between the sponsor and the department which governs the rights and obligations of the department, borrower, and existing and prospective tenants of the project. The Regulatory Agreement incorporates the occupancy and income restrictions, as well as the borrower's reporting, accounting, and budgetary requirements delineated in the program regulations. It is recorded against the property and is the controlling document used by the Department and the borrower as a guideline for basic performance in the development.
Rehabilitation	Repair of deteriorated or substandard housing, usually with the goal of returning it to compliance with applicable building, health and safety codes. Substantial Rehabilitation generally means more extensive restoration or replacement of basic structural elements and primary systems of a building.

Glossary of Housing Terms

Release From Accountability (Std. 27)	An application submitted to the State Controller's Office from a state department to write off an uncollectable debt owned the department.
Release of Subsequent Grant Agreement and Lien	A document used to release the "Subsequent Grant Agreement and Lien", an instrument used by the Department's Farmworker Housing Grant Program.
Relocation	Process regulated by state and federal law, by which a public agency, or a private entity acting as part of a public plan or program, which displaces households or businesses, assists and subsidizes them to find comparable replacement housing or business locations.
Rent	The amount paid, usually periodically, to an owner for the use of real property.
Rent Adjustments	In HCD assisted housing, after the first year of operations, rents may be increased annually at a rate or formula specified in the program regulations, and Regulatory Agreement. The rent adjustment must be approved by the Department.
Rent Restrictions	Provisions of a Regulatory Agreement limiting rents which may be charged for assisted units in the project.
Rental Assistance	A cash per-unit subsidy paid to landlords, which is applied to reduce the rent charged to the tenant on a dollar-for-dollar basis. May be contracted for an entire housing project, directly between the subsidizing agency and the project owner (e.g., project-based Section 8), or on a unit-by-unit basis with the tenant seeking and recommending qualified units to the subsidizing agency (tenant-based Section 8 certificates and vouchers).
Rental Housing Construction Program - Bond (RHCP-BOND)	An HCD program funded through the Housing and Homeless Bond Act of 1988 which provided 3% deferred payment loans to finance new rental housing (five units or more).
Rental Housing Development	A structure or a set of structures with common financing, ownership and management, and which collectively contains five or more dwelling units, including efficiency units. No more than one of the dwelling units may be occupied as a primary residence by a person or household who is the owner of the structure or structures.
Rental Loan Management (RLM)	The Community Affairs personnel responsible for ongoing monitoring and management of HCD projects.
Rent-Up-Costs	Costs incurred while a new property is on the housing market but not yet fully rented.
REO	Real Estate Owned by the Department, i.e. through foreclosure.

Glossary of Housing Terms

Replacement Cost	The cost to replace a structure with one having utility equivalent to that being appraised, but constructed with modern materials and according to current standards, design and layout.
Replacement Reserves	Funds set aside to pay for major repair or replacements.
Rescission	The cancellation of a contract and restoration of the parties to the same position they held before the contract was entered executed.
Reserves	Funds appropriated or set aside for a contingent use. A housing project's budget typically includes <i>Replacement Reserves and Operating Reserves</i> .
Residential Hotel	A hotel where a majority of the rooms are rented for long-term occupancy, usually in the form of an SRO. <i>See SRO</i>
Residual Receipts	Cash flow left at the end of the fiscal year after all allowable project operating expenses, debt service, required reserve deposits, and allowable sponsor distributions have been met. May be used to repay "residual receipts" loans per the requirements of the loan documents and Regulatory Agreements.
Restructure	The redesign of an existing loan into a new loan, usually for the same or longer period to reduce payment amount and assist a distressed borrower.
Return on Investment (ROI)	Profit expressed as a percentage of the amount invested. <i>See Yield</i> .
Revenue Bonds	Bonds secured by, and paid off from, the income from the project to be financed. Includes mortgage revenue bonds, redevelopment tax increment bonds, and Mello-Roos infrastructure bonds. The bonds are retired by highway or bridge tolls, water fees, Mello-Roos fees charged to homeowners, payments on bond-financed mortgages, rental income, property tax, etc.
Reverse Annuity Mortgage	A system developed for the elderly property owner in which regular monthly payments are received from a lender. When the total reaches a pre-designated amount, the owner then begins repaying the loan or sells the property.
Request for Proposals (RFP)	A solicitation to enter a competitive contracting process, in which the requirements are stated in a general form describing the problem to be solved or the goal to be achieved. An RFP may not necessarily commit a certain amount of funding to be loaned or granted, while a NOFA generally does. <i>See Notice of Fund Availability</i>
RHCP	Rental Housing Construction Program

Glossary of Housing Terms

RHS	Rural Housing Service (A unit of "RD of USDA")
Right of First Refusal	The opportunity of a party to match the terms of a proposal before the contract is executed with a third party. Unlike an option to buy or an option to renew a lease, which stipulates the terms in advance, this approach allows the owner to secure a market price bid that the occupant can be the first to accept or reject.
Right of Way	A privilege operating as an easement upon land, whereby the owner does by grant, or by agreement, give to another the right to pass over owner's land, to construct a roadway, or use as a roadway, a specific part of the land; or the right to construct through and over the land, telephone, telegraph, or electric power lines; or the right to place underground water mains, gas mains, or sewer mains.
Risk Assessment	Evaluation of the history and quality of management of a housing project, to assess the risk of future financial difficulty or default, and determine how frequently the project should be monitored to assure the long-term security of the loan. Employed by HCD to more efficiently allocate available monitoring resources.
Rollover	The movement of unused funds from one program or fiscal year to another. <i>See Loan Closing, Final.</i>
Rural Area	Any place, town, village, or city which: (a) has a population not exceeding 10,000; or (b) has a population not exceeding 20,000 and is contained within a non-metropolitan area. "Rural area" additionally includes any place, town, village, or city located within a Standard Metropolitan Statistical Area if the population does not exceed 20,000 and the area is not part of, or associated with, an urban area and is rural in character. This definition may be changed by the Department or the agency to conform to changes in federal programs. (H&S Code, Section 50101)
SAMCO	Savings Associations Mortgage Company
Scattered-Site Housing	Housing developed as part of a single project which is located on two or more non-contiguous sites. This design feature is sometimes employed to avoid concentrating low-income households, or to reduce neighborhood opposition to the project.
Secondary Financing	A loan secured by a second mortgage or trust deed on real property. These can be third, fourth, fifth, sixth mortgages or trust deeds, on and on ad infinitum.

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Secondary Market	The ongoing market for the resale of securities after they are originally issued. In housing finance, the market for mortgage-backed securities, which facilitates the resale by lenders of new mortgages bundled into securities, and frees the lender's funds for more mortgage lending. <i>See Ginnie Mae, Fannie Mae, Freddie Mac</i>
Secured Party	The party having the security interest. Thus the mortgagee, the conditional seller, the pledgee, etc., are referred to as the secured party respectively.
Security	1) Collateral offered by a borrower to a lender to secure a loan. 2) Document of ownership or debt, such as a mortgage-backed security.
Security Agreement	1) A borrower's pledge of personal property as security for a loan in lieu of a Deed of Trust where real property is the collateral. For example, an MPROP borrower may sign a Security Agreement pledging a mobilehome as security, or the recipient of a predevelopment loan may pledge architectural designs or engineering work. 2) The pledge of a third party, not the borrower, of some secondary source of loan repayment as security for the loan in the event the borrower should default.
Security Deposit	A sum of money, the amount of which is specified in a lease or rental agreement, deposited by a tenant with a landlord or manager to cover the cost of tenant-caused damages, unpaid rent upon vacation of the unit, etc. The landlord is required by landlord-tenant law to itemize any deductions from the deposit and return the remainder to the tenant upon vacation. An amount, not to exceed two months gross rent, collected from an approved applicant prior to occupancy. The deposit is retained by project management throughout a household's occupancy as a reserve in case of resident-caused damages or other fees or charges are due to the project when the household departs.
Security Interest	An interest in real property in which the property serves as collateral. 2) The interest of the creditor in the property of the debtor in credit transactions. It thus replaces such terms as the following: chattel mortgage; pledge; trust receipt; chattel trust; equipment trust; conditional sale; inventory lien; etc., according to Uniform Commercial Code usage.
Self-Help Housing	A new construction or rehabilitation project where the proposed owner/family contributes a substantial amount of labor in lieu of the down payment.
Self-Help Rehabilitation	A rehabilitation project where a person or family provides all or a substantial amount, as determined by the Department, of the labor necessary to rehabilitate, renovate or improve that person's or family's principal residence.

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Senior Citizen Housing	A housing development which has been designed to meet the physical and social needs of a person 62 years or older. (California Civil Code Section 51.2 and 51.3.)
Seniority	The degree of priority of a lien compared to other liens on a property. In the event of foreclosure, the most senior lienholder has first claim on the collateral assets.
SERA	State Earthquake Rehabilitation Assistance Program
Servicing Loans	Supervising and administering a loan after it has been made. This involves such things as: collecting the payments, keeping accounting records, computing the interest and principal, foreclosure of defaulted loans, and so on.
SHHP	Self-Help Housing Program
Simple Interest	Interest paid only on the original principal, not on the interest accrued. <i>See Compound Interest</i>
Single Family Attached	A one-family dwelling attached to one or more other one-family dwelling by common walls.
Single Family Detached	Free standing single-household homes that are not structurally connected to other units.
Single Family Dwelling	A structure or portion thereof that is used for habitation by one household.
Site Control	Contracted authority to build on a site, through ownership, long-term lease or the purchase of an option to buy the land at an agreed price within a specified period.
Soft Cost	Indirect costs, of construction, including legal and organizational expenses, financing, taxes, insurance, architectural and engineering fees, etc.
Special User Housing Rehabilitation Program (SUHRP):	
Sponsor	The entity that proposed the project and submitted the application to HCD.
SRO	Single Room Occupancy: a type of residential hotel offering one-room units for long-term occupancy by one or two people which may have a kitchen or bath facilities, but not both, in the room. In most locations, SROs are the lowest-cost type of standard permanent housing.

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Standard Agreement	The initial contract following an HCD award, in which the Contractor (usually the Sponsor or other Borrower) agrees to perform certain activities, and HCD agrees to provide certain funds, provided listed special conditions are met.
Stickbuilt	Built on site from the ground up.
Stock Cooperative	<i>See Cooperative</i>
Studio	A dwelling unit consisting of not more than one habitable room together with a kitchen or kitchenette and bathroom facilities.
Subgrantee or Subrecipient	A busbrantee is the recipient of a grant or loan from an entity, typically a state, city county or nonprofit, which received the funds from a third-party primary awarding entity such a HUD or HCD.
Sublease	A lease from a lessee to another lessee. The new lessee is a sublessee or subtenant.
Subordination Agreement	Contractual provision in which a lienholder accepts "junior" status by granting a prior claim on the collateral to another lienholder. In the event of foreclosure, the most senior lienholder has first claim on the collateral assets. May occur during refinancing of a completed project or the obtaining of additional financing.
Subsequent Grant Agreement and Lien	A document recorded when property changes hands from the non-profit to the individual. As used by the Farmworker Housing Grant Program, it is the equivalent of a deed of trust.
Subsidy	Financial assistance provided by a governmental agency for the benefit of low or moderate income households which reduces housing costs.
Substantial Use of Default Reserve Funds	Any use of the HCD default reserve accounts outside the vendor contracts or any use of the funds within the vendor contracts totaling more than \$5000 per project or 15% of the total encumbrance for that account, whichever is less.
Supportive Tenant Services	Meals, transportation, recreational and social activities, independent living training, vocational training, counseling, and similar services provided or organized by the owner or its agent.

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Sweat Equity	means the cost savings to an assisted unit attributable to self-help construction. This amount shall be calculated by subtracting the equity prior to the commencement of work on the assisted unit from the equity at the completion of the assisted unit. For the purposes of this definition, equity means the difference between the fair market value of the property and the total of all outstanding debts secured by the property plus all payments provided by the owner.
Syndicate	An organization of investors who pool their capital to make a real estate investment. Partners may be limited or unlimited in their liability.
Syndication	The selling of equity in a project to one or more investors. Often used in tax credit projects, a nonprofit member often provides eligibility for other forms of financing as well as developing and operating expertise. For-profit members provide equity financing in exchange for the tax credits.
T/A or TA	Technical Assistance
Takeout Mortgage	A permanent loan, obtained by prearrangement between a builder and a lender, to repay the interim lender at the completion of construction.
Target Area	A census tract designated by the United States Secretary of Commerce, in which 70% or more of the families have an income which is 80% or less of the statewide median family income or which is an area of economic distress based on the criteria for establishing such areas contained in the second Section 6a. 102A-1 (b) (3) of Title 26 of the Code of Federal Regulations (See 46 FR 4315, dated July 1, 1981).
Target Unit	A dwelling unit within a housing development which will be reserved for sale or rent to very low or lower income household.
Tax Credits	A dollar for dollar reduction in the amount of income tax liability as a result of building or rehabilitating low income rental housing. <i>See Low Income Housing Tax Credit</i>
Tax-Exempt Bond	A bond whose interest is exempted from taxation by federal, state and/or local law.
TCAC	Tax Credit Allocation Committee
Tenancy in Common	Co-ownership of property by two or more persons who hold undivided interest, without right of survivorship; interests need not be equal.
Tenant	The party who has legal possession and use of real property belonging to another.

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Tenant Based Rental Assistance	A rental assistance or subsidy granted to the tenant which moves with the tenant from project to project. The subsidy is not tied to the project.
Term Loan	A loan with a set maturity date, typically without amortization.
Third Party	A person or entity not directly involved in a particular transaction, but who may be indirectly involved in or affected by the transaction.
TIG	Targeted Income Group (CDBG Program)
Title	Documentary evidence of ownership.
Title Company	A business that investigates the ownership history of properties, primarily at the time of sale or transfer, to determine whether boundaries, ownership or other contractual obligations are in legal dispute or question. It issues title reports with findings regarding properties in the process of sale, and sells Title Insurance to buyers.
Title Insurance	Insurance to indemnify against the risk of pre-existing legal flaws in or disputes to real property ownership.
Title Report	A report which discloses the current state of the title, made by a title company preliminary to issuance of a title insurance policy. <i>See Preliminary Title Report</i>
Topography	Variation of the surface of land; topography may be level, rolling, mountainous, etc.
Transfer of Property	The act of selling, conveying, transferring or alienating title voluntarily or otherwise.
Transitional Housing	Buildings configured as rental housing developments but operated under program requirements that call for the termination of assistance and re-circulation of the assisted units to eligible program recipients at some predetermined future time, no less than six months.
Triplex	A residential structure containing three housing units.
Troubled Project Status	An early warning tool in Community Affairs Division that classifies housing projects listed in the Trouble Projects Report into one of seven default stages.
Trust	Legal title to property or funds held by one party (the trustee) for the benefit of another (the beneficiary)

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Trust Account	An account segregated from a broker's own funds, in which the broker is required by law to deposit all funds collected for clients.
Trust Deed	A conveyance of real estate to a third party to be held for the benefit of another. <i>See Deed of Trust</i>
Trustee	1) One who holds property in trust for another to secure the performance of an obligation. 2) Third party under a deed of trust. 3) A financial institution designated as custodian of property or funds, as official representative of the parties in interest.
Trustor:	One who borrows money from a trust deed lender, then deeds the real property securing the loan to a trustee to be held as security until trustor has performed the obligation to the lender under terms of a deed of trust.
Truth in Lending	A federal regulation (Regulation Z) requiring creditors to provide full disclosure of the terms of a loan.
Turnover Rate	The percentage per year of the total units in a housing project or housing stock that change owners or tenants.
UDLPP	Urban Development Loan Preservation Program (<i>See PDLP</i>)
ULI	Urban Land Institute
Underwriter	A person, bank or other institution that assesses the appropriateness of a requested loan, the ability of the applicant to repay the loan, and makes a recommendation or decision on the application.
Underwriting	Assessing the risk of a proposed loan, and reaching a conclusion based on adopted criteria whether the loan should be made.
Uniform Commercial Code (UCC)	Establishes a unified and comprehensive method for regulation of security transactions in personal property, superseding the existing statutes on chattel mortgages, conditional sales, trust receipts, assignment of accounts receivable and others in this field.
Unit	1) A dwelling unit intended for occupancy by one family or household, including one or more bedrooms depending on family size and characteristics. 2) The personal living space in a congregate housing development.
Unlawful Detainer	Illegally retaining possession of property.

Glossary of Housing Terms

Urban	Any portion of a county or the state which is not a rural area.
USDA	United State Department of Agriculture
Utility Allowance	An amount set by a housing authority as a reasonable cost of the normal use of utilities.
Vacancy Factor	The percentage of a building's space or floor area that is not rented over a given period.
Vacancy Rate	The percentage of units in a housing project or housing stock that is vacant as of a certain date.
Variable-Rate Mortgage (VRM)	A long-term mortgage loan under which the interest rate can be adjusted periodically, subject to certain limitations and caps. <i>See Adjustable Rate Mortgage</i>
Vendor	One who sells property, goods or services.
Very Low-Income Household	Persons or families whose incomes do not exceed the qualifying limits for very low income families as established and amended pursuant to Section 8 of the United States Housing Act of 1937. These limits are equivalent to 50% of area median income, adjusted for family size (H&S Code, Section 5010).
Very Low-Income Unit	An assisted unit designated for occupancy by a very low-income household.
Vested	1) Bestowed upon someone, such as rights to future pension payments from a pension fund or title to property.
Waiting List	A list of households who have formally applied for occupancy or subsidy in rank order by date and time of application.
Waive	To relinquish, or abandon; to forego a right to enforce.
Warranty	An assurance by a seller of property, goods or services that they are as represented or will perform as promised. Often given by law, it carries the status of a contractual obligation.
Writedown	A reduction of the entered book value of an asset.
Yield or Yield Rate	The return on an investment expressed as a percentage of the total investment. Also called rate of return, or Return on Investment.
Yield to Maturity	A calculation of the average yearly return rate on a bond, based on its current price, coupon, and time to maturity.

Glossary of Housing Terms

Zoning	The classifying of land in a community by ordinance into zones (e.g., Residential, Commercial, Industrial), and the establishment of regulations governing land uses, structure types, heights, lot coverage, setbacks, etcetera, in each zone.
Zoning Variance	A modification or variation from existing zoning requirements for a property, granted by local government to the owner or developer.