

GLOSSARY

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AAA (see Alberta Assessors' Association)

AACI (see Accredited Appraiser Canadian Institute)

Accelerated Payments

A mortgage payment option whereby the monthly mortgage payment is either split in half or in quarters and is paid every two weeks (bi-weekly) or every week (weekly).

Accessibility

A building design concept that relates to individuals with disabilities. It refers to building features that facilitate entry or use by individuals with physical and/or sensory impairments.

Accredited Appraiser Canadian Institute

A designation granted by the Appraisal Institute of Canada.

Accredited Mortgage Professional

A national designation for mortgage professionals in Canada issued by Mortgage Professionals Canada.

Accredited Municipal Assessor of Alberta

A designation granted by the Alberta Assessors' Association.

Addendum

A document that is attached to, and made part of, an original contract as a result of making changes to elements that have already been agreed to.

Adjustable Rate Mortgage

A mortgage where the interest rate and payments are increased or decreased at predetermined intervals based on a lender's rate market review. The interest rate charged on the mortgage may be linked to the lender's prime rate or a pre-selected index rate. Also see Index Rate.

Adjustments

The financial calculations made regarding the costs for the respective parties associated with a mortgage or real estate transaction at the time of closing (e.g. property taxes). Also see Closing and Closing Costs.

Administrative Penalty

A disciplinary outcome issued to an industry professional following a Professional Conduct Review by the Real Estate Council of Alberta. It is typically issued when 1 or 2 straightforward though potentially serious breaches of the *Real Estate Act*, Rules, Regulations or Bylaws occur and includes the required monetary payment that must be paid by the industry professional to RECA. Also see Professional Conduct Review.

Advisory Note

A letter issued to an industry professional for a technical breach of the *Real Estate Act*, Rules, Regulations or Bylaws following a Professional Conduct Review carried out by the Real Estate Council of Alberta. It is not a form of disciplinary sanction but rather a best practice guideline for avoiding the same or similar breach of the legislation in the future. Also see Professional Conduct Review.

Affidavit

A formal written statement of fact sworn to or affirmed by the author and witnessed as to the authenticity of the author's signature before a person such as a notary or commissioner of oaths who is authorized to administer an oath.

Affordability

The ability of an individual to carry the cost of ownership of a property in relation to his or her available income.

Agency

A consensual relationship created by contract or by law where one party, the principal, grants authority for another party, the agent, to act on behalf of and under the control of the principal to deal with a third party and where the agent accepts responsibility for representing the principal.

Agency Law

The body of law applicable to consensual relationships in which one person (i.e. the agent) consents to act on behalf of another person (i.e. the principal), and thereby legally binds the principal in his or her connection with a third person. Also see Agent and Principal (Agency).

Agent

An industry professional who is expressly or implicitly authorized to act or represent another party.

AGM (see Annual General Meeting)

Agreement for Sale

A financial arrangement between a seller and buyer in which the seller carries the financing for the buyer's purchase of the property. However, the title remains in the name of the seller and the seller registers a caveat on title protecting his or her financial interests until such time as the funds are repaid by the buyer.

Agri-Business

The businesses that are involved in the production, storage, processing and wholesale marketing of agricultural products.

Agricultural Building

A building used for the production of food or other goods through endeavours such as farming, ranching or forestry.

AIC (see Appraisal Institute of Canada)

Alberta Assessors' Association

A non-profit, member-based association focused on property assessment valuation.

Alberta Building Code

Provincial legislation that states the technical specifications required for new building construction and building materials in Alberta.

Alberta Land Surveyor

A licensed professional involved in gathering, storing, processing and delivering geographic information involved in the determination of property boundaries or assembly and analysis of land related information.

Alberta Land Surveyors' Association

A self-governing professional association legislated under the *Land Surveyors' Act* of Alberta that regulates the practice of land surveying for the protection of the public and the administration of the profession.

Alberta Mortgage Brokers Association

Alberta's professional association for licensed mortgage brokers and mortgage associates.

Alberta New Home Warranty Program (also *New Home Buyer Protection Act*)

The *New Home Buyer Protection Act* applies to new homes constructed with a building permit applied for after February 1, 2014. The legislation covers single family homes, duplexes, multi-family homes, condominiums, manufactured homes (including ready to move homes), and recreational properties. The legislation does not cover dorms, work camps, hotels and rental apartments. under the warranty periods. The minimum required warranty coverage terms are:

- 1 year labour and materials
- 2 years for defects in labour and material related to delivery and distribution systems
- 10 years for major structural
- 5 years on building envelope, with a requirement for the warranty provider to offer the option to purchase additional years of coverage

Alberta Real Estate Association

A provincial professional association with 10 real estate boards operating in Alberta and more than 10,000 Alberta REALTORS® as its members.

Alberta Real Estate Foundation

An organization created under Alberta's *Real Estate Act* to promote the development of educational initiatives for real estate professionals and consumers, support law reform and research regarding the real estate industry, and other projects and activities to advance and improve the real estate industry.

Alberta Registry Agents

A network of community-based service centres, offering a wide range of registration, information and licensing services on behalf of the Government of Alberta.

Alberta Securities Commission

The regulatory agency responsible for administering the province's securities laws and ensuring that persons who sell securities in Alberta are registered and conduct themselves according to applicable laws and professional standards.

ALSA (see Alberta Land Surveyors' Association)

AMAA (see Accredited Municipal Assessor of Alberta)

AMBA (see Alberta Mortgage Brokers Association)

Amendment

A document that records a correction, addition, deletion or other changes to any previously agreed-to terms in the original contract.

Amortization

The gradual retirement of a debt by means of installment payments which often includes principal and interest. Also see Principal and Interest.

Amortization Period

The length of time required to repay a mortgage by equal installments of periodic constant payments based on a set interest rate. The payments are typically a combination of principal and interest in blended amounts.

Amortization Schedule

A table illustrating the amount of principal and interest that comprise each of the periodic installments and the outstanding principal balance of the loan after each level payment is made.

AMP (see Accredited Mortgage Professional)

Annual General Meeting

A meeting at which the Board of Directors and all members of a condominium corporation gather to elect a Board of Directors for the forthcoming year as well as discuss the finances, current issues and future plans for the condominium corporation. An annual general meeting must be scheduled within 15 months from the date on which the previous one was held.

Annual Percentage Rate

The interest rate stated on a yearly basis that represents the cost of a mortgage.

Apartment Condominium

A style of residential condominium involving units that are part of a building and attached to each other on one or more sides. This condominium style has a shared entrance, usually through the building lobby.

Appeal

A legal proceeding in which a lower court's or agency's decision is brought before a higher court or agency for review and possible reversal. Under the *Real Estate Act*, an industry professional is given the right to appeal certain decisions made by the Executive Director or a Hearing Panel of RECA.

Appeal Panel

Council members appointed under the *Real Estate Act* who hear and review appeals of a decision of a Hearing Panel. Appeal Panels can uphold, modify or quash decisions made by a Hearing Panel or refer the matter back to the Hearing Panel for further consideration.

Applicant (Licensing)

A person who submits a formal application to RECA as part of the authorization process to trade in real estate, deal in mortgages or provide real estate appraisal services in Alberta.

Applicant (Mortgage)

Refers to all borrowers, co-borrowers and guarantors on a mortgage loan application.

Appraisal

A formal, impartial estimate or opinion of value, usually written, of a specific and adequately described property, as of a specific date and supported by the presentation and analysis of relevant data pertinent to a property.

Appraisal Assignment

An agreement between a real estate appraiser and a client to provide a valuation service on real estate.

Appraisal Institute of Canada

A national, member-based association that offers real estate appraiser designations in Canada.

Appraisal Process

A systematic analysis of the factors that bear upon the value of real estate. It consists of an orderly process by which the problem is defined, the work necessary to solve the problem is planned, and the data involved are acquired, classified, analyzed, and interpreted into an estimate of value.

Appraisal Report

A formal report detailing an opinion of value of a property based on the findings of a real estate appraiser. The report must state the purpose of the appraisal, the date of the appraisal and be signed by the appraiser. Also see Real Estate Appraisal.

Appraisal Review

The act or process of reexamining an appraisal report as to its completeness and accuracy and to ensure compliance with the applicable appraisal standards.

Appraiser

An individual authorized by RECA to perform real estate appraisal services for a fee. A real estate appraiser is an accredited professional whose main service typically involves estimating the value of real property at a specified date in a manner that is independent, impartial and objective.

APR (see Annual Percentage Rate)

AREA (see Alberta Real Estate Association)

Area Measurement

A type of measurement that represents the physical surface or spatial area that exists within rooms, buildings or to define a lot. This measurement represents the 2-dimensional relationship created by multiplying the width of an item by its depth.

AREF (see Alberta Real Estate Foundation)

ARM (see Adjustable Rate Mortgage)

Arrears

Past due payments.

Asbestos

A group of silicate minerals that naturally form in host rocks throughout the world. These minerals are made up of millions of thin, fibrous crystals that are strong, durable and resistant to heat, electricity, chemical corrosion, sound and moisture.

ASC (see Alberta Securities Commission)

Asking Price

The amount of money that a seller is asking or intends to ask for his or her property.

Assessed Value

The value placed on real property by a municipality as a basis for determining property taxes.

Assessment

The process of determining the property value for taxation purposes. Assessment is used to determine the property owner's proportionate share of municipal taxes on an annual basis.

Assigned Parking Stall

A parking stall that is part of the common property and is therefore owned collectively by the condominium corporation. When a parking stall is assigned, the Board of Directors is effectively granting a unit owner sole benefit of that parking stall. However, responsibility for care and maintenance of the parking stall typically remains with the Board of Directors.

The Board of Directors can choose to reallocate the assignment whenever they wish. These parking stalls are not individually illustrated on Condominium Plans. Also see Condominium Plan.

Assigned Storage Area

A storage area that is part of the common property and is therefore owned collectively by the condominium corporation. When a storage area is assigned, the Board of Directors is effectively granting a unit owner sole benefit of that storage area. However, responsibility for care and maintenance of the storage area typically remains with the Board of Directors. The Board of Directors can choose to reallocate the assignment whenever they wish. These storage areas are not individually illustrated on Condominium Plans. Also see Condominium Plan.

Assignee

A person to which an assignment (transfer) of property, rights or interest is made. Also see Assignment.

Assignment

The act of transferring an interest in real property to another.

Assignment of Mortgage

An agreement that consists of the transfer (i.e. selling) of an interest and all rights in the mortgage contract and the security in the property to a new lender or third party in return for payment of money.

Assignor

A person who makes a transfer under an assignment. Also see Assignment.

Associate

An individual who is licensed as a real estate associate or mortgage associate as defined in the *Real Estate Act* and as administered through the Real Estate Council of Alberta. An associate must be registered with a licensed brokerage in order to trade in real estate or deal in mortgages. An associate holds the basic licensing level in the real estate or mortgage brokerage industry.

Associate Broker

An individual who is licensed as an associate broker as defined in the *Real Estate Act* and as administered through the Real Estate Council of Alberta. An associate broker holds the qualifications of a real estate broker, but is not authorized to operate a brokerage. An associate broker is registered with a real estate brokerage and authorized to trade in real estate on its behalf.

Assumable Mortgage

The process of an individual acquiring the title and access to a property that has an existing mortgage registered. Lenders typically require the individual to qualify under the terms and conditions of the existing mortgage before allowing the mortgage assumption to occur.

Assumption

The act of taking possession of mortgaged property whereby the buyer accepts liability for the debt and takes responsibility of seller's existing mortgage at the interest rate and terms as laid out in the original mortgage documents. The seller remains liable to the mortgage lender unless the lender agrees to release the seller from the debt obligation.

Attached Goods

An improvement or personal property item attached to the real property or building. Whether an item becomes a fixture depends largely on the circumstances, with emphasis placed on the method of how the item is affixed to the property. Also see Fixtures.

Attorney

Refers to the person appointed to act on behalf of a donor in a Power of Attorney. Also see Donor and Power of Attorney.

Attributed Knowledge

A concept under the common law that presumes all real estate professionals registered with the brokerage share information and advice and have knowledge of confidential information concerning all the clients of the brokerage.

Auctioneer

A person who engages in the business of selling or offering for sale by public auction, goods, wares, merchandise or effects of any kind. In Alberta, only a qualified auctioneer can conduct the bidding at a public auction and must be licensed by the province through Service Alberta.

Authorization

Refers to the licence and registration certificate issued by RECA to real estate professionals and is one of the requirements for trading in real estate in Alberta.

Backup Offer

A backup offer is when a buyer submits an Offer to Purchase on a property that is conditionally sold. If the seller accepts the backup offer, it would be next in line if the conditions are not satisfied on the conditional offer that is already in place. Also see Conditional Offer and Conditional Sale.

Balance

The amount of unpaid mortgage remaining after a payment has been made.

Balanced Market

A real estate market condition where demand from buyers is in equilibrium with the supply of properties.

Balloon Payment

A final payment of the mortgage made on the maturity date to retire the debt in full. Such payments are most common in commercial mortgaging.

Bare Land Built-Out Condominium Plan

A type of Bare Land Condominium Plan in which a unit has been re-divided into smaller units. The unit boundaries are defined by the width and depth of each parcel of land and

identified using survey monuments (e.g. steel pins, wooden stakes) placed on or under the ground.

Bare Land Condominium Plan

A type of Condominium Plan in which units are individual parcels of land. The boundaries for units within a Bare Land Condominium Plan are defined by the width and depth of each parcel of land and identified using survey monuments (e.g. steel pins, wooden stakes) placed on or under the ground.

Barely Blended Condominium Plan

A type of Condominium Plan in which units within a bare land condominium have be re-divided into smaller units with boundaries that are defined by the space within a building. The new unit boundaries are based on walls, floors and ceilings. In effect, a Barely Blended Condominium Plan combines a Conventional Condominium Plan with a Bare Land Condominium Plan. Also see Conventional Condominium Plan and Bare Land Condominium Plan.

Basement

A type of foundation that consists of an enclosed space constructed in whole or in part below ground level. Due to the depth to which holes must be dug to construct basements, they can often be used as habitable space by a building's occupants.

Basis Point

A unit of measure equal to 1/100th of one percent that is typically used in quoting changes in interest rates or yields in debt securities including mortgages.

Beacon Score

A number that is generated by the Equifax Credit Bureau to rank the credit-worthiness of individuals. Also see Credit Bureau.

Bilateral Contract

A legally enforceable agreement where the parties are bound by their exchange of mutual promises.

Blanket Mortgage

A single mortgage registered against two or more pieces of real property.

Blended Payments

The periodic mortgage payments of principal and interest where the payments remain constant in amount, although the portions attributed to principal and interest will vary with each payment as the time elapses in the amortization period.

Board Meeting

A meeting at which only the Board of Directors gather to address the affairs of the condominium corporation. However, if the Board of Directors relies on any advisors (e.g. professional condominium manager), they may be asked to attend. Board meetings occur at regularly scheduled intervals. Also see Board of Directors.

Board of Directors

A group of individuals who are elected by unit owners to carry out the duties and responsibilities of the condominium corporation according to the rules and procedures set out in the bylaws and governing policies of the condominium. Also see Condominium.

Borrower

The party who obtains financing from a lender with the agreement that it will be repaid, with interest, within a defined timeframe. Also see Mortgagor.

Breach

A failure to fulfill an obligation under a contract.

Bridge Loan

A loan of short duration (i.e. up to 1 year) with a higher interest rate intended to cover immediate cash requirements until permanent financing is secured. Also see Interim Financing.

Broker

The individual authorized by the Real Estate Council of Alberta to hold the classification of broker as defined in the Alberta *Real Estate Act*. The broker is responsible for the operation of the brokerage and the supervision of all its employees. The broker must be registered with the brokerage that he or she manages in order to trade in real estate or deal in mortgages. There can only be one broker for each brokerage. Also see Brokerage.

Broker Delegate

An industry professional within a brokerage who is assigned to carry out a number of broker duties and responsibilities as specified by the broker. Also see Broker.

Brokerage

The company, partnership or sole proprietorship licensed by the Real Estate Council of Alberta as a real estate brokerage authorized to trade in real estate or mortgage brokerage authorized to deal in mortgages. A brokerage must have a broker responsible for its operation. Also see Broker.

Builders' Lien

A lien for the unpaid value of work and/or materials in favour of the party who did the work on, or supplied the materials to a property, in accordance with the *Builders' Lien Act*. Also see *Builders' Lien Act*.

Builders' Lien Act

Alberta legislation that allows registration of a lien against a property by any person involved in the building of, or improvements to, that property, including workers, contractors and sub-contractors.

Building Codes

Provincial standards for the design, construction and alteration of buildings to ensure the safety of future occupants and visitors to the premises. Alberta Building Code regulates the construction and safety of structures for both old and new buildings. Standards set by the Codes include electrical wiring, fire alarm systems, fire extinguishers, emergency routes,

occupancy limits, lighting and ventilation. These codes exist in addition to the requirements of the Municipal Land Use Bylaw.

Building Infrastructure

A core component of a building that participates in making a safe, healthy and comfortable environment for occupants.

Building Permit

The formal permission provided by a municipality for new construction or modification of an existing structure. Also see Development Permit.

Building Structure

A core component of a building that creates the overall framework of the building.

Building System

A core component of a building that either contributes to the creation of the overall framework or participates in making a comfortable indoor environment for occupants.

Bundle of Rights

A collection of real property rights that an owner enjoys including: the right to possess the land and to use it, the right to lease the land, the right to sell the land, the right to give the land away and the right to retain the land.

Business Assessment

A value placed on a premise occupied for the purpose of, or in connection with, operating a business for taxation purposes.

Buyer

An individual who is in the process of purchasing real estate and enters into a purchase contract to that effect.

Buyers' Market

A real estate market condition where property supply is strong and buyer demand is weak.

Bylaws

A set of directives that govern the affairs and behaviour of a condominium corporation and individual unit owners. They work in conjunction with the Condominium Property Act and Regulation and empower the condominium corporation to control, manage and administer the units and common property. Bylaws may only be created, amended or repealed through the passing of special resolutions by the condominium corporation. Also see Special Resolution.

Canada Mortgage and Housing Corporation

A federal crown corporation mandated to promote the construction of new houses, the repair and modernization of existing houses, and the improvement of housing and living conditions, including the establishment of mortgage default insurance for lenders.

Canadian National Association of Real Estate Appraisers

A national, member-based association that offers real estate appraiser designations in Canada.

Canadian Residential Appraiser

A designation granted by the Appraisal Institute of Canada.

Canadian Uniform Standards of Professional Appraisal Practice

A generally accepted and recognized standard of appraisal practice for real property valuation adopted in Canada and by certain Canadian appraisal associations and organizations.

Candidate

An individual who is in the process of meeting the specific education and work experience requirements for designation as a real estate appraiser. Candidates are allowed a specified period of time to earn an appraisal designation, as set by the respective association.

Capacity

The power provided under law to a person to enter into binding contracts.

Case Law

The body of legal decisions where the court has interpreted legislation when applying it to a specific set of facts. Court decisions can be made at various levels within the judicial system (e.g. Provincial Court, Court of Queen's Bench, and Court of Appeals provincially and the Supreme Court of Canada federally). The decisions of a higher court may alter decisions made by lower courts, and the prior decisions of courts will influence future court decisions. Therefore, case law is based on judicial precedent rather than statutory law. Also see Statute Law.

Cash Back

A mortgage feature whereby the lender refunds a sum of money either as a percentage of the mortgage principal or as a lump sum.

Caveat

A legal notice registered against the title of a property warning that a claim or an interest has been made against the property by a third party. Caveat in Latin means 'let him beware' and must be in writing. The registration of a caveat is only notice of a claim and does not relate to the validity of the claim being made.

Caveat Emptor

A doctrine of the common law that translates into 'let the buyer beware'.

Certificate of Compliance

A confirmation from the municipality that the location of building(s), structures and development on a property comply with all the regulations of the Land Use Bylaw. The response may be either in the form of a stamped property survey if the existing development meets regulations or by way of a written letter if the development on the property does not meet regulations. A certificate of compliance is usually required by mortgage lenders and standard real estate purchase contracts.

Certificate of Title

A document that records the information about the land, such as the legal land description, municipal jurisdiction, ownership and registered interests. The Land Titles Office no longer issues a paper Certificate of Title, but a paper copy may be available from any Registry Agent in Alberta. An electronic copy is available on the Spatial Information System (SPIN) operated by Alberta Registries, Service Alberta. Also see SPIN.

Certified Appraisal Reviewer

A designation granted by the Canadian National Association of Real Estate Appraisers.

Certified Mortgage Appraisal Reviewer

A designation granted by the Canadian National Association of Real Estate Appraisers.

Charge

The name given a mortgage when registered under the *Land Titles Act*.

Charging Clause

A provision in a mortgage document that charges the borrower's interest in the real property as security for payment of the debt obligation.

Chattel Mortgage

An agreement that charges the borrower's personal property identified in the agreement as security for a loan. A lender may take security on personal property in order to enhance the extent of their security for a loan. This may be the case when borrower's real property is insufficient for a lender to proceed with the loan.

Chattels

The movable items not securely affixed to the land or buildings, as furnishings and appliances that are not considered part of the real property. They may be referred to as personal property. Also see Unattached Goods.

Claimant

A person who applies or has applied for payment of benefits or financial compensation.

Client

The party in a real estate transaction that is represented by a real estate professional. As per the Rules, a client is a person who has entered into a service agreement with an industry member whether or not that service agreement is in writing.

Closed Mortgage

The restriction or denial of repayment rights until maturity of the mortgage.

Closing

Finalizing a real estate transaction, which includes signing of the title documents, calculations of adjustments and disbursements of funds.

Closing Costs

The total costs for the respective parties associated with a real estate or mortgage transaction. Closing costs are typically due on the closing date, which is the date at which the real estate or mortgage transaction is finalized. Also see Closing Date.

Closing Date

The date when the financial adjustments are made for each party in a real estate or mortgage transaction. In real estate, it is the date when the title to the property transfers to the new owner, after which, the new owner assumes financial responsibility for the property.

CMA (see Comparative Market Analysis)

CMAR (see Certified Mortgage Appraisal Reviewer)

CMHC (see Canada Mortgage and Housing Corporation)

CNAREA (see Canadian National Association of Real Estate Appraisers)

Collateral

A borrower's pledge of specific property to a lender to secure the repayment of the loan by the borrower.

Commercial Building

A building intended for business use.

Commercial Condominium

A condominium that consists of units within an office tower, low-rise/single-level business centre or single-purpose facility, such as medical, dental or professional offices. Also see Condominium.

Commercial Lease

A type of contract granting temporary use or occupation of a commercial property for a specified period in exchange for a specified amount of rent. Also see Commercial Property and Rent.

Commercial Property

The real property used to conduct retail or service businesses with the prime objective of making a profit.

Commission

The remuneration paid for services as an agreed fee or percentage of sale price or property lease.

Common Area (see Common Property)

Common Area Maintenance Expenses

The costs charged in a commercial lease for the maintenance, repair and replacement of the common areas, amenities and building systems of the property. These costs are typically assigned based on the amount of space leased. Also see Common Property.

Common Law

The accumulated legislation that is enacted by the courts. The courts create laws based on decisions (i.e. precedents) that were made previously by the same or different courts.

Common Property

The physical space that is not considered to be part of a unit within a condominium and that is owned by a condominium corporation. Also see Exclusive Use Area.

Common Property Expenses

The expenses associated with the maintenance, repair and replacement of the common property of the condominium corporation. Also see Common Property.

Common Property Unit

In a barely blended condominium, a unit that includes areas for use by unit owners that is owned by the condominium corporation who is responsible for its care and maintenance.

Comparable Property

A property that has recently sold and is similar to the subject property.

Comparative Market Analysis

A method of property valuation used by real estate professionals for estimating the value of residential properties.

Compensation

Payment for performance of service.

Competence

The acquisition of knowledge, skills and abilities at a level of expertise sufficient to be able to perform in an appropriate employment setting.

Competent Service (see Competence)**Competing Interests**

When the interests of clients represented by the same brokerage compete with each other in regards to a real estate transaction or potential transaction.

Complainant

A person who files a formal written complaint to the Real Estate Council of Alberta. Also see Complaint.

Complaint

A formal written statement made by a person concerning an industry professional's alleged failure to follow the standards of business practice as set out by the Real Estate Council of Alberta.

Compliance Stamp

The official mark on a Real Property Report from a municipality confirming that a property's location and improvements comply with the requirements of the Land Use Bylaw in that respective municipality. Also see Real Property Report.

Compound Interest

Interest that is calculated on the initial principal amount and the accumulated interest of prior periods.

Condition

An aspect of a contract that serves as an impediment to an enforceable contract, until such time as it has been satisfied or waived. Conditions are typically placed in a contract by a party to that contract in order to protect its interest(s) and include a specific period of time after which the condition(s) will expire. Each condition may have the same or a different expiry. Real estate purchase contracts may include conditions added for the benefit of the seller, buyer or lender. Also see Conditional Offer and Conditional Sale.

Conditional Offer

A conditional offer sets out the terms of the sale such as the purchase price, the date of closing, the names of the parties, and the amount of any required deposit, but it also includes conditions that must be met within a specified period of time in order for the contract to be binding on the parties. These conditions could include a satisfactory home inspection or financing acceptable to the buyer.

Conditional Sale

Is a real estate transaction where the seller has accepted the buyer's Conditional Offer. Also see Conditional Offer.

Condo (see Condominium)

Condo Fees

The monthly fee set by the Board of Directors and paid by a unit owner to the condominium corporation.

Condominium

A form of property ownership that includes both the individual ownership of a unit and the shared ownership of common property with other unit owners.

Condominium Additional Plan Sheet

A document on which instruments for or against a Condominium Plan and condominium corporation are officially registered with Alberta Land Titles. It may also be referred to as the Condominium Sheet or Condo Sheet by real estate professionals.

Condominium Administrator

An individual appointed by the court to manage the affairs of a condominium. The court determines what powers and duties of the Board of Directors and/or condominium corporation are to be delegated to the administrator, the length of the appointment, any terms and conditions that may accompany the appointment and the compensation for the administrator's services.

Condominium Bylaws

Rules that govern the affairs and behaviour of a condominium corporation and individual unit owners. They work in conjunction with the *Condominium Property Act* and Regulation and empower the condominium corporation to control, manage and administer the units and common property. Bylaws may only be created, amended or repealed through the passing of special resolutions by the condominium corporation. Also see Special Resolution.

Condominium Corporation

A legal entity that consists of all unit owners within a condominium. Also see Condominium.

Condominium Document Condition

A condition in a purchase contract that gives the buyer the opportunity to review certain condominium documents associated with a unit and condominium he or she is interested in.

Condominium Document Reviewer

An individual who specializes in interpreting the information contained within the various documents associated with a condominium. Also see Condominium Documents.

Condominium Documents

The package of documents that relate to the structure, finances and management of a condominium. The wide range of documents provides important information to industry professionals and to the sellers, buyers, borrowers and lenders with whom they work. Various documents related to the condominium may be obtained from the seller, member(s) of the Board or the property manager, as the case may be. In addition, some documents may be found on SPIN. Also see SPIN.

Condominium Fees

The monthly fee set by the Board of Directors and paid by a unit owner to the condominium corporation.

Condominium Insurance

The corporation is responsible for acquiring and renewing insurance for the common property. Insurance coverage typically includes the common perils to property (e.g. fire), general liability and liability for the Board of Directors of the condominium corporation. The insurer issues a Certificate of Insurance to the corporation for proof of coverage and this document forms part of the condominium documents provided to unit owners, buyers and lenders. Also see Board of Directors.

Condominium Manager

An individual or company that carries out some or all of the duties of a Board of Director and condominium corporation. Also see On-Site Condominium Manager and Off-Site Condominium Manager.

Condominium Plan

A 2-dimensional or 3-dimensional plan of subdivision that outlines the size, location and boundaries of the land and any building located on the property. The Plan also divides the

property into units and common areas. There are 3 types of Condominium Plans: Conventional Condominium Plans, Bare Land Condominium Plans and Barely Blended Condominium Plans.

Condominium Property Act

Alberta legislation that sets out the rules for creating, operating and managing condominiums.

Condominium Property Regulation

Alberta legislation that prescribes the processes and requirements for the creation, operation and management of condominiums.

Condominium Unit

The separate parts of the overall condominium plan that are designated for private ownership and exclusive use of the owner. The unit boundaries and the unit factor for each unit are defined by the Condominium Plan. Also see Condominium Plan, Unit Boundaries and Unit Factor.

Conduct Deserving of Sanction

The behaviours and actions of an industry professional that contravenes the *Real Estate Act*, the Rules, the Regulations or the Bylaws.

Confidential Information

Any information concerning a client, such as his or her financial information, personal situation, or the details of a real estate, mortgage brokerage or real estate appraisal transaction.

Conflict of Interest

A situation that undermines the impartiality of a person. According to the *Real Estate Act* Rules, a conflict of interest arises when there is a real or apparent incompatibility between an industry member's interests and the interests of a client or potential client.

Consent Agreement

A disciplinary outcome following the review of an industry professional's conduct that is deemed deserving of sanction by legal counsel for the Executive Director of RECA. A Consent Agreement includes a statement of agreed facts, an admission by the industry professional of conduct deserving of sanction and costs recommendation for consideration by a Hearing Panel.

Conservation Easement

A voluntary agreement between a landowner and a government agency or conservation charity that limits the amount and type of development which can occur on the landowner's property in order to preserve the ecological and/or natural portions of his or her land.

Contingent Fee

A form of compensation for services provided that is dependent on the result of the service.

Contract

A binding agreement, enforceable by the courts, made between 2 or more persons, competent at law to enter into such agreement, for consideration or value, to do or refrain from doing some lawful and genuinely intended act. A contract can contain any number of promises or terms to be performed by either party. The underlying intention of any contract is that it shall be binding on the parties.

Conventional Condominium Plan

A type of Condominium Plan in which units are defined spaces within a building. The boundaries for units for this type of Condominium Plan are determined by floors, walls and ceilings. All areas not included in the units are considered to be part of the common property.

Conventional Mortgage

A mortgage where the loan amount does not exceed 80% of the appraised value or purchase price of the property.

Conversion Condominium

A condominium that involves the creation of units and common areas in an existing building through the registration of a Condominium Plan with Land Titles. Conversion condominiums typically involve buildings which previously offered rental accommodation or leased space, such as apartment buildings, offices, warehouses or storage facilities. Upon registration of a Condominium Plan, the former rented/leased spaces are converted into separately titled units.

Conveyance

The transfer of an interest in property from one person to another through written documentation to affect such a transfer.

Conveyancing

The formal process of transferring the legal title of land and recording interests in the land, using the prescribed Land Titles forms submitted in the prescribed manner.

Cooperative Housing

A corporation of shareholders with a common interest or purpose. In a housing cooperative, individuals own shares in the corporation but do not own the units. The individual's proportionate interest (shares) dictates the size of the unit he or she can occupy. The occupancy right to the space is provided under a tenancy agreement with the corporation.

Cost Approach

An appraisal method for determining the value of a property that is based on the current cost of replacing or reproducing the subject property.

Cost of Credit

The difference between the value received by a borrower and the value given by the borrower to the credit grantor in connection with a credit agreement. Also see Credit Agreement.

Council

Refers to those individuals who have been appointed to the Council.

Court of Appeal of Alberta

The highest court in the province of Alberta that hears appeals from the Court of Queen's Bench, the Provincial Court and administrative tribunals. The Court also provides its opinion on questions referred by the Lieutenant Governor under the *Judicature Act*.

Court of Queen's Bench

The Superior Trial Court for the province of Alberta that hears trials in civil matters, criminal matters and appeals from decisions of the Provincial Court.

Court Order

A legally binding decision issued by a court that requires a party to do or refrain from doing a specified act.

Covenant

A written agreement or promise usually under seal between 2 or more parties for the performance of an action. In mortgage brokerage, it refers to the clauses in a mortgage agreement that establishes the rights and obligations agreed to by the borrower and the lender.

CPU (see Common Property Unit)

CRA (see Canadian Residential Appraiser)

Crawl Space

A type of foundation that is typically shorter in height than a basement. Crawl spaces are not tall enough to provide habitable space for use by building occupants but they can accommodate some components of the building infrastructure.

Credit Bureau

An agency that collects, records, stores and distributes credit and personal data files to authorized lenders (creditors) for a fee.

Credit Report

A record detailing an applicant's past borrowing and repayment history.

Credit Score

A numerical expression based on a statistical analysis of a person's credit files which represents the creditworthiness of that person.

Current Real Property Report

A legal document produced by a land surveyor that clearly illustrates the boundaries of a property and the location of improvements to the land relative to the boundaries. It also illustrates other issues impacting the property, such as rights-of-way, easements, encroachments, etc. In addition, it may contain a surveyor's opinion or concerns regarding these items. A current real property report (RPR) illustrates the up to date improvements on the land and their relationship to the property boundaries whereas an existing RPR may not

illustrate the current state of a property if any improvements were made to the land since the date of the RPR.

CUSPAP (see Canadian Uniform Standards of Professional Appraisal Practice)

Customer

The party to a real estate transaction that is not being represented by a real estate professional. As per the Rules, a customer is a person who has contacted, but not engaged or employed an industry member to provide services.

DAC (see Designated Appraiser Commercial)

DAR (see Designated Appraiser Residential)

Damages

Monetary compensation that is awarded by a court in a civil action to an individual who has been injured through the wrongful conduct of another party.

DAR (see Designated Appraiser Residential)

Deal (see Dealing)

Dealing

Describes the activities relating to the provision of services for soliciting, negotiating and collecting funds related to mortgage transactions. In order to deal in mortgages, individuals require an authorization from the Real Estate Council of Alberta, unless they are exempt pursuant to the *Real Estate Act* or the *Real Estate Act Exemption Regulation*.

Debt

The financial amount that is owed as a result of borrowing funds.

Debt Ratio

A comparison of the total monthly payments of a borrower's debt to his or her income. It is used to determine whether the borrower can afford the debt obligation.

Debt Service Coverage Ratio

A calculation used by lenders when underwriting a commercial mortgage application. It measures the amount of cash available to meet the debt obligation of the mortgage payments.

Debtor

A person who has the obligation of owing money to another party.

Default

The failure to fulfill contractual obligations such as the failure to make mortgage payments.

Default Charge

A charge imposed on a borrower who fails to make a payment as it comes due under a credit agreement or who fails to comply with any other obligation under a credit agreement, but does not include interest on an overdue payment.

Defendant

A person or organization against whom legal action is brought against in a court of law.

Delineated Parking Stall

A type of leased parking stall that has been illustrated on a Condominium Plan, typically using dashed lines. Delineated parking stalls can transfer with the sale of the associated unit without first obtaining approval from the Board of Directors.

Delineated Storage Area

A type of leased storage area that has been illustrated on a Condominium Plan, typically using dashed lines. Delineated storage areas can transfer with the sale of the associated unit without first obtaining approval from the Board of Directors.

Demand Clause

An option protecting and benefitting the lender that provides for the lender to demand immediate repayment of a loan in full.

Demand Letter

A formal letter usually drafted by the lender's lawyer, under a mortgage foreclosure, stating a legal claim and demanding immediate payment of the debt. The letter also outlines the specific terms and time period to perform the obligation without being taken to court. Also see Foreclosure.

Deposit (Condominium)

A sum of money given by an owner to the condominium corporation to maintain, repair or replace common property that may be damaged, destroyed, lost or removed by a tenant of the owner.

Designated Agency

A concept where, through a written service agreement, the brokerage, the real estate professional and the client amend the agency responsibilities owed to the client as prescribed by the common law. In essence, the agency responsibilities are transferred from the brokerage to the individual real estate professionals registered with the brokerage which results in the rebuttal of the common law presumption of attributed knowledge. Also see Attributed Knowledge.

Designated Agent

Refers to the individual real estate professional who carries out the designated agency responsibilities which have been transferred from the brokerage and which are owed to a client of the brokerage.

Designated Appraiser

Individuals who have completed the education requirements and possess the knowledge, training and experience needed to obtain a professional certification to perform real estate appraisal services.

Designated Appraiser Commercial

A designation granted by the Canadian National Association of Real Estate Appraisers. This designation also provides for a specialty in agriculture.

Designated Appraiser Residential

A designation granted by the Canadian National Association of Real Estate Appraisers.

Detached Condominium

A style of residential condominium that has stand-alone, separate units.

Developer (Condominium)

A person who, alone or in conjunction with other persons, sells or offers for sale to the public units or proposed units in a condominium that have not previously been sold to the public by means of an arm's length transaction.

Development Permit

A permit, issued in advance by the municipality, indicating approval for the overall use and planned construction for a particular parcel of land.

Direct Market Comparison

A frequently used appraisal method for residential properties that compares and analyzes the sale of similar properties with the subject property. The sale price of the comparable properties is adjusted to account for the similarities and differences in the characteristics of the subject property.

Discharge

To release a person from an obligation.

Discharge of Mortgage

The repayment of a mortgage and the legal document which confirms that the borrower is under no further liability to the lender in respect of the loan. In order to be effective, the discharge of the mortgage needs to be registered with the Land Titles Office.

Discipline

A form of action imposed by RECA on an industry professional arising from a Professional Conduct Review and may include the issuance of an Advisory Note, Letter of Reprimand, Administrative Penalty, Hearing, Consent Agreement, suspension or cancellation of an authorization or withdrawal from the profession.

Disclosure

The act of revealing knowledge and making information known. An industry professional is responsible to disclose openly and honestly all matters which are relevant or could result in a conflict of interest.

Disclosure and Particulars Statement

A letter that acts as a catchall for information the *Condominium Property Act* stipulates must be provided by a condominium corporation upon receiving a written request. In general, the Disclosure and Particulars Statement may include the following information:

- A statement setting out the amount of the monthly contributions for the unit of interest
- The particulars of any legal action commenced or served against the condominium corporation
- The particulars of any unsatisfied court judgement or order for which the condominium corporation is liable
- The particulars of any written demand in excess of \$5,000 made on the condominium corporation that, if not met, may result in legal action against the condominium corporation
- The particulars of any post-tensioned cables located in or on the property of the condominium
- A statement setting out any structural deficiencies known to the condominium corporation for any buildings located on the property of the condominium

Disposable Income

The amount of after-tax income households have available for spending and saving. It is one of the economic indicators used to gauge the overall state of a nation's economy.

Disposition

The act of distributing or transferring property or any right, interest or estate in land to another party.

Dissolution

The termination of a contract or other legal relationship such as a business or marriage.

Doctrine of Caveat Emptor

A doctrine of the common law that translates into 'let the buyer beware'.

Dower Act

Alberta statute that protects the surviving spouse's interest in the homestead upon the death of the other spouse. The *Dower Act* grants certain property rights to the untitled spouse (spouse who is not on title) regarding this land/property. Also see Dower Rights.

Dower Rights

The property rights granted by the *Dower Act* to an untitled spouse (the spouse not on title) regarding the homestead. This applies when one spouse is the sole registered owner (one spouse on title). Dower rights include the right of a spouse to inherit a life interest (life estate) in the homestead. They also give the untitled spouse the ability to prevent the disposal of the property by the titled spouse, including the sale, lease or mortgaging of the property. Also see *Dower Act*.

Down Payment

The part of the purchase price of real property the buyer pays in cash and does not finance with a mortgage.

Drug Laboratory

Any property that has been leased or bought by persons in order to use it to manufacture, process, cook, dispose of, or store illegal drugs.

DSCR (see Debt Service Coverage Ratio)

Due-on-Sale Clause

A provision in a mortgage contract that requires the mortgage be repaid in full to the lender upon a sale or conveyance of interest in the property that secures the mortgage.

Duty of Care

The duties owed to one party by another which include, honesty, reasonable care and skill and performance of the agreed upon functions.

Dwelling Unit

A unit in a residential condominium.

E&O Insurance (see Errors and Omissions Insurance)

Easement

A right acquired by one party to use the land of another. Once registered on title, an easement is a binding interest in the land that runs with the land regardless of any change in ownership.

Effective Age

Age indicated by the condition and utility of the structure. Used to describe a building whose condition suggests an age different than its chronological age.

Effective Date

The date upon which an agreement such as a contract is considered to take effect.

Effective Interest Rate

The actual interest rate on investment where a debt or loan was bought at a discount or at a premium. Also known as true cost. Also see Nominal Interest Rate.

Electronic Records

Accounts, books, returns, statements, reports, financial documents or other memoranda of financial or non-financial information that are created, recorded, transmitted or stored in digital form or in any other tangible form by electronic, magnetic or optical means or by any other means that have similar capabilities for creation, recording, transmission or storage.

Electronic Transactions Act (Alberta)

Alberta's provincial legislation that outlines the requirements for ensuring that electronic records and transactions have the same validity and enforceability as traditional paper-based transactions.

Eligibility

The process of determining an applicant's qualifications required for authorization by RECA as an industry professional.

Empirica Score

A number that is generated by TransUnion Credit Bureau to rank the creditworthiness of individuals. Also see Credit Bureau.

Encroachment

A structure that is placed, erected, or built on an adjoining property. It also applies to soffits and eaves that overhang the adjoining land.

Encroachment Agreement

An agreement between the property owner and an adjacent property owner to condone a building or structure built on the adjacent property, be it private property or municipal property. The agreement sets out the terms and conditions for the intruding structure to remain and grants an easement to allow that owner to enter onto the adjoining property to maintain or repair the structure. The agreement is registered on the title of all properties it affects. Also see Encroachment and Easement.

Encumbrance

The registered interests on the title of land that affect or encumber the title.

Environmental Hazard

A substance, object or condition with the potential to impair a property and/or the health and/or safety of its occupants.

Environmental Risk

A situation in which a property and/or its occupants are exposed to danger.

Environmental Site Assessment

A process that determines whether or not a property is contaminated and if so, to what extent and how to best remediate it.

Environmental Site Assessment Repository

An online database administered by the Government of Alberta that centralizes scientific and technical environment-related information regarding properties throughout Alberta.

Equitable Mortgage

Any mortgage subsequent to the first mortgage in priority (e.g. second mortgage, third mortgage). After the first mortgage, subsequent mortgages rely on the remaining equity in the property as security for the loan. Also see Second Mortgage.

Equity (Financial)

The money left over if an individual or organization paid all of its liabilities, collected all that was owed it and sold all its assets.

Equity (Mortgage Financing)

The difference between the market value of the property, less the outstanding balance of the mortgage, less any other financial obligation registered against the property.

Equity Mortgage

A loan that is obtained against the equity in a property and registered as a mortgage on the title of the property.

Errors and Omissions Insurance

A form of business liability insurance intended to cover damages resulting from errors, omissions and negligence by professionals that occurred in the course of providing their business services.

Estoppel

A person (the principal) acts in such a way as to lead a third party to believe that another party (the agent) has the authority to act on behalf of another. Note: this term should not be confused with an Estoppel Certificate.

Estoppel Certificate

A signed statement from the condominium corporation that confirms the financial information it provides regarding a unit is correct as of the date on the statement and can be relied on by a third party. Upon issuing the Estoppel Certificate, the condominium corporation is barred from changing any of the statements it has certified as correct.

Exclusive Representation Relationship

A real estate relationship between a brokerage and a client that gives the brokerage the sole right to represent the client in a trade or potential trade in real estate.

Exclusive Use Area

Common property owned by the condominium corporation that is permanently leased to individual unit owners by the Board of Directors. When an area of the condominium has been deemed to be for the exclusive use of a unit owner, only that owner is permitted the enjoyment that area provides.

Exclusive Use Lease Agreement

A written contract between the condominium corporation and a unit owner in which the unit owner is granted sole access to a specific part of the common property.

Exclusive Use Parking Stall

A parking stall that is part of the common property and therefore owned collectively by the condominium corporation. The use of this parking stall is essentially permanently leased to an individual owner. Responsibility and care for this parking stall is often delegated to the unit owner. On Condominium Plans registered after September 1, 2000, these parking stalls are illustrated using dashed lines. On Condominium Plans registered before September 1, 2000, these parking stalls are typically not differentiated from the rest of the common property.

Exclusive Use Storage Area

A storage area that is part of the common property and therefore owned collectively by the condominium corporation. The use of this storage area is essentially permanently leased to an individual owner. Responsibility and care for this storage area is often delegated to the unit owner. On Condominium Plans registered after September 1, 2000, these storage areas are illustrated using dashed lines. On Condominium Plans registered before September 1, 2000, these storage areas are typically not differentiated from the rest of the common property.

Executed Contract

A contract where all the obligations that were required to be performed by the parties have been fulfilled.

Executive Director

A statutory position established by the *Real Estate Act* and the Chief Administrative Officer of the Council responsible for carrying out any powers, duties or responsibilities assigned under the *Act* as well as those delegated by the Council. The Executive Director provides leadership in establishing, and implementing the mission, principles and values of RECA and provides leadership in the setting and implementing of RECA's annual strategic goals, objectives and priorities.

Exemption Regulations

Grant certain persons exemption from the *Real Estate Act*.

Existing Real Property Report

A legal document produced by a land surveyor that clearly illustrates the boundaries of a property and the location of improvements to the land relative to the boundaries. It also illustrates other issues impacting the property, such as rights-of-way, easements, encroachments, etc. In addition, it may contain a surveyor's opinion or concerns regarding these items. A current real property report (RPR) illustrates the up to date improvements on the land and their relationship to the property boundaries whereas an existing RPR may not illustrate the current state of a property if any improvements were made to the land since the date of the RPR.

Express Agreement

An oral or written agreement made between the parties involved.

Express Authority

The instructions which describe orally or in writing what actions may be taken by an agent on behalf of a principal. Whenever possible, express authority should be provided in writing. Also see Agent and Principal (Agency).

Express Consent

When an organization presents an opportunity for an individual to communicate agreement to a stated purpose. Unless the individual takes action, the organization cannot assume consent has been given. Express consent may be given verbally or in writing.

Express Contract

An oral or written contract made between the parties involved.

Extraordinary Meeting

A meeting at which the Board of Directors and all members of the condominium corporation gather to address a specific issue that requires immediate attention and input from unit owners. Extraordinary meetings are held when urgent decisions need to be made.

Facilitation Services

The services by which the interests of a client are met in an even-handed, objective and impartial manner without providing confidential advice, advocating on behalf of either client or using discretion or judgment that benefits one client of the other client.

Factory-Built Construction

A construction system in which a building is created wholly or partially in a manufacturing facility and transported to a building site.

Fair Trading Act

Alberta legislation that protects consumers from unfair business practices before, during or after a consumer transaction.

Fee for Service

A financial model of compensation that charges the client based on services performed rather than a fixed amount.

Fee Schedule

A table attached to a condominium corporation's Annual Budget which shows each condominium unit's monthly contribution amount for the upcoming year.

Fee Simple

The highest estate form of land/property ownership with the most rights with the fewest limitations. Although generally considered absolute ownership, it is still subject to the restrictions imposed by government.

Fiduciary

A person who is entrusted to represent another person and has the legal obligation to act for the benefit of, and solely in the best interests of that person being represented.

Fiduciary Duty

A legal duty requiring a real estate professional to act at all times in the client's best interests.

Fiduciary Relationship

The relationship between a principal (e.g. client) and an agent whereby the agent is entrusted with acting for the benefit of the principal.

Financing Activities

The part of a Cash Flow Statement that denotes the money that was borrowed by an individual or organization from a lender as well as any payments that were made against borrowed funds.

First Mortgage

A first charge on property that ranks ahead of any other mortgage, based on the date and time of its registration on title. Also see Legal Mortgage.

Fixed Rate Mortgage

A mortgage for which the interest rate has been fixed for a certain period of time (generally the length of the mortgage term).

Fixtures

An improvement or personal property item attached to the real property or building. Whether an item becomes a fixture depends largely on the circumstances, with emphasis placed on the method of how the item is affixed to the property. Also see Attached Goods.

Floating Rate

An interest rate that bears a specified mathematical relationship to an index rate and includes an interest rate that is subject to a minimum and maximum or is determined at the beginning of a period for the whole period, regardless of changes in the index rate during the period.

For Sale by Owner

The process of selling a property that is for sale by the owner without the representation of a real estate industry professional. Also see Seller.

Foreclosure

The legal process by which a lender takes possession and ownership of a property due to the borrower's failure to comply with the terms and conditions of the mortgage agreement.

Foundation

A building system consisting of a base that a building rests upon.

Fractional Ownership

A form of ownership whereby more than one individual possesses fee simple title to a property.

Fraudulent Misrepresentation

A statement is made that is untrue and the person making the statement does so knowingly to induce a party to enter a contract to his or her detriment.

FRM (see Fixed Rate Mortgage)

Frustration

A basis to discharge or terminate a contract due to unforeseen circumstances which are beyond control of the parties and which makes the contract impossible to perform.

FSBO (see For Sale by Owner)

FTA (see *Fair Trading Act*)

Functional Utility

The sum of the attractiveness and usefulness of the property. It is the ability of the property to perform the function for which it intended, in terms of current market tastes and standards. Elements of functional utility in a residence include architecture, design and layout, traffic pattern, sizes and types of rooms, and performance standards.

GDS Ratio (see Gross Debt Service Ratio)

General Meeting

A meeting at which the Board of Directors all members of the condominium corporation gather to receive information and make decisions regarding specific issues that require input from unit owners. General meetings are usually held at regularly scheduled intervals.

General Obligations

The responsibilities that an agent owes to his or her principal when acting in a representation relationship.

Gift Letter

A letter verifying that a portion of a borrower's down payment is a gift from another person.

Governing Policies

A set of directives that regulate the affairs and behaviour of the condominium corporation and individual unit owners. The creation, modification and/or elimination of governing policies is at the discretion of the Board of Directors and input from unit owners may or may not be requested.

Grace Period

A period in which interest accrues but will be forgiven if the borrower satisfies conditions specified in the credit agreement.

Gross Debt Service Ratio

A measure used by lenders to assess a borrower's ability to carry the debt load for a mortgage. It is calculated as the percentage of the individual's gross annual income relative to his or her annual mortgage payments, property taxes, condo fees (if applicable) and allowance for heat.

Gross Income

The sum of all sources of income over a specified period of time.

Grow Operation

Any property that has been leased or bought by persons in the illegal drug trade which has been turned into an indoor growing environment for marijuana plants.

GST (see Goods and Services Tax)

Guarantee

A promise made by a person to pay a debt or perform the obligations of another individual. Also see Guarantor.

Guaranteed Sale Agreement

A written agreement under which an industry member or another person on behalf of, or to the benefit of, an industry member undertakes to pay to the seller of real estate within a fixed or determinable period of time a fixed or determinable amount of money in respect of that seller's real estate.

Guarantor

A person bound by a promise to pay a debt or perform the obligations of another individual.

Hearing Panel

Part of RECA's disciplinary process and includes a 3 person panel comprised of members of Council and the industry who inquire into and consider evidence in deciding whether an industry professional's conduct is deserving of sanction under the *Real Estate Act*. A Hearing Panel has the right to examine witnesses under oath and has many of the powers of the court for the trial of civil actions.

High Ratio Mortgage

A mortgage loan that exceeds 80% of the appraised property value or sale price whichever is less.

Highest and Best Use

The use of real property that will support the highest value and will produce the greatest net return over a period of time.

Historical Title Search

A review of all past property ownership and registered encumbrances relating to a specific parcel of land to determine the condition of title.

HOA (see Homeowners Association)

Home Inspection

A visual examination of readily accessible interior and exterior aspects of a property in order to provide an opinion on the property's condition as of the date of the inspection. The purpose of a property inspection is to look for signs that there may be problems with the property and to suggest any areas that should be looked at further by an expert. Home inspections are performed by property (home) inspectors. Also see Property Inspector.

Home Inspection Business Regulation

Provincial legislation under the *Fair Trading Act* that sets out specific requirements for residential property inspectors and residential property inspection businesses.

Homeowners Association

An association with mandatory membership based on residence in a specific area or community.

Homeowners Association Fee

A compulsory fee paid by property owners in the specific area under a Home Ownership Agreement. Fees are either paid on an annual or monthly basis. A registered caveat on each property title requires the owner to make these payments to the Association. Also see Homeowners Association.

Homestead

Under the *Dominion Lands Act*, refers to the permanent dwelling and all farm buildings surrounding the residence. Also see Homesteader.

Honesty

The act of refusing to lie, steal or deceive. It also implies trustworthiness and incorruptibility (e.g. incapable of being false or breaching a position of trust).

Household

Refers to a person or group of persons who co-reside in, or occupy, the same dwelling.

Housing Cooperative

A non-profit, legal entity incorporated and managed by its members through an elected Board of Directors. The cooperative owns the building and holds title to the land on which the structure is built. Its primary purpose is to provide housing and housing-related facilities to its members. In Alberta, there are 2 types of housing cooperatives: non-profit continuing housing cooperatives and non-profit home ownership cooperatives. Also see Cooperative Housing, Non-Profit Continuing Housing Cooperative and Non-Profit Home Ownership Cooperative.

Housing Starts

An economic indicator that measures the number of residential buildings or units for which construction has commenced in a given period.

HVAC

An acronym for the following 3 buildings systems: heating, ventilation and air conditioning.

Illegal Use

The use of land or property that does not meet the requirements of the current municipal Land Use Bylaw and, in the case of a property, has been built without the proper permits. The municipality can require the owner of the property to cease the illegal use upon notice.

Implied Agreement

An agreement based on the conduct and actions of the parties involved.

Implied Authority

Authority held by an agent that is typically not given expressly but rather by inferences and that arises by virtue of being reasonably necessary to carry out the agent's express authority. Also see Agent.

Implied Contract

A contract that is formed based on the conduct and actions of the parties involved.

Improvement

An item that is permanently affixed to the land.

Incentive

Anything that is advertised, communicated or offered by a brokerage to the public or a person for the purpose of attracting business to the brokerage and includes a promise, good, service, game of chance, contest, or anything else of value.

Income Approach

An appraisal method for income producing properties that converts the future income to be received from the property into an estimate of value.

Indefeasibility

An estate or right in land that cannot be defeated, revoked or made void.

Indemnification

The act of reimbursing or repaying a real estate professional for any liabilities he or she incurs on behalf of a client.

Indemnify

The act of securing someone or something against the possibility of future loss, damage or liability, as the case may be.

Indemnity

The assurance of one party to another to make compensation or repair for any loss or damage that has been incurred or may be incurred.

Index Rate

The rate used by a lender to measure the difference between the current interest rate charged on an adjustable rate mortgage and that earned by another type of debt instrument.

Inducement

Anything offered by a brokerage to a specific person who is a party to a specific real estate trade (or potential trade), and is intended to assist, persuade or cause that person to enter into such a transaction.

Industrial Building

A building used for processing raw materials and manufacturing goods, as well as their storage.

Industrial Condominium

A condominium which consists of units within a manufacturing or distribution-oriented building, such as a workshop, warehouse or storage facility.

Industry Member

The term used in the *Real Estate Act*, Rules, Regulations and Bylaws to refer to any person who is authorized by RECA to trade in real estate, deal in mortgages or provide real estate appraisal services in accordance with the *Real Estate Act*.

Industry Professional

The term used by RECA to refer to any person authorized in the various classes of licences in real estate, mortgage brokerage and real estate appraisal. Industry professionals possess the required education, knowledge and experience of current practices for their respective class of licence in order to provide competent services to members of the public in Alberta.

Information Barriers

Refers to policies, procedures and enforcement mechanisms that are created to keep client information confidential by safeguarding it from inadvertent exposure or sharing, or purposeful intrusion by individuals who have not been granted the permission to access it.

Informed Consent

The decision of a party (e.g. buyer, seller, borrower) to provide agreement or select an option among available options based on full information and disclosure of any conflicts of interest by the other party (e.g. real estate, mortgage brokerage, real estate appraisal professional). In addition, it requires that the party asked to make the decision (e.g. buyer, seller, borrower) understands the nature of what is being proposed, be fully informed of the choices, be aware of the consequences of any of the options, and be able to freely exercise his or her free will in the absence of duress.

Innocent Misrepresentation

A statement made to a party that is untrue, but the person making the statement had reasonable grounds to believe that the statement was true.

Installment Loan

A loan that is repaid over time with a set number of scheduled payments. The term of loan may be as little as a few months and as long as 30 years. For example, a mortgage may be considered an installment loan.

Institutional Building

A building with a specialized use aimed at serving the public or private clientele.

Instrument

A written, legal document used to register an encumbrance on a property title (e.g. agreement, restriction, mortgage). Each instrument has a unique registration number.

Insurable Value

The value of a commodity in terms of insurance policies or claims.

Insurance

A promise of compensation for possible damage or loss from one entity to another in exchange for compensation. Typically, the damages and losses covered in insurance policies are unexpected, unintentional or accidental in nature.

Insurance Against Perils

A type of insurance that provides replacement cost value for property that is destroyed due to hazards outlined in the Condominium Property Regulation and condominium bylaws.

Insured

The person, group, or organization who has, or is covered by, an insurance policy.

Insurer

A person or company that undertakes to indemnify another in the event of a loss. Also see Indemnify.

Integrity

The quality of being honest and having strong moral principles.

Intentional Misrepresentation

A false or misleading statement made by a person who knew that the statement was untruthful and a third party relies on the misrepresentation to his or her potential or actual detriment.

Interest

A charge for a debt that is owed, usually calculated as a percentage of the amount that was loaned.

Interest-Only Mortgage

A mortgage in which the borrower pays only the interest portion, with the principal balance unchanged. The principal is repaid in full at the end of the mortgage term.

Interest Rate

The amount charged by a lender to a borrower for the use of borrowed funds and is calculated as a percentage of the principal

Interest Rate Differential

The compensation due a lender for early prepayment of a mortgage outside of its normal prepayment terms. It is usually calculated as the difference between the mortgage rate and market rate multiplied by the principal outstanding and the balance of the term.

Interim Financing

A loan of short duration (i.e. up to 1 year) with higher interest intended to cover immediate cash requirements until permanent financing is secured or until such time as the permanent financing comes into effect. Also see Bridge Loan.

Intermediary

An even-handed, objective and impartial relationship formed when a mortgage broker brings together a borrower and a lender with the goal of originating a mortgage loan. In this relationship, the mortgage broker is not representing (not agent for) either the borrower or the lender.

International Valuation Standards

Refers to the global standards for valuation especially those that will be relied upon by investors and third party stakeholders.

Intestate

A person owning property who dies without a will.

Investigation (also known as Professional Conduct Review)

The formal process RECA undertakes to gather evidence to help determine if an industry professional's conduct is deserving of sanction. Professional Conduct Reviews are carried out based on the legislative requirements of the Real Estate Act, the principles of natural justice and administrative law and RECA's investigative policies and procedures.

Investigator (also known as Professional Conduct Review Officer)

The person who is responsible for carrying out the duties of RECA's formal investigative process according to the legislative requirements of the Real Estate Act, the principles of natural justice and administrative law and RECA's Professional Conduct Review Program.

Investor

An individual or entity that acquires an ownership position in an investment, assuming risk of loss in exchange for anticipated returns.

IRD (see Interest Rate Differential)

Joint Tenancy

A form of land/property ownership that involves two or more owners, with each owner having the right of survivorship. Therefore, each owner's interest in the land/property will automatically pass to the surviving owner(s) and cannot be willed to another party.

Judicial Sale

The sale of real property that is conducted under the authority and supervision of the Court of Queen's Bench. Also see Court of Queen's Bench.

Land Identification Number Code

A unique, system generated 10 digit number assigned to a parcel of land in the Alberta Land Titles database and serves as a permanent identifier of that parcel until the parcel boundaries are changed.

Land Survey

The legal written and/or mapped description of the location and dimensions of land. Also see Real Property Report.

Land Surveyor

A licensed professional involved in the gathering, storing, processing and delivering of geographic information involved in the determination of property boundaries or assembly and analysis of land related information.

Land Surveyors Act

The legislation that establishes the definition of a land surveyor and the practice of land surveying in Alberta. It also prohibits anyone, other than an Alberta land surveyor, from engaging in the practice of land surveying. This legislation establishes the Alberta Land Surveyors Association as the regulatory organization empowered to administer on behalf of the province, the granting of, and annual renewal of, certificates of registration related to land surveying.

Land Titles Act

Alberta legislation that outlines the land titles system of administration including land title transactions and interests in land.

Land Titles Assurance Fund

An assurance to the public that owners do not suffer damage or loss from errors in title. Registered properties are protected by indefeasibility of title, which means that they are not liable to be annulled, voided or undone. The Fund is supported by fees collected by the Land Titles Offices.

Land Titles Office

The official location for processing land title documents. Alberta has 2 Land Titles Offices – 1 in Calgary and 1 in Edmonton. Otherwise, Registry Agents across the province work under licence to manage land title matters.

Land Transferee

The person to whom an interest in land is conveyed (i.e. transferred to).

Land Transferor

The person who conveys (i.e. transfers) an interest in land to another.

Land Use Bylaw

General rules applicable to all land use classifications in a municipality (e.g. Residential, Commercial, Industrial and Special district classifications).

Land Use Districts

The Municipal Land Use Bylaw divides a municipality into districts. There are generally 4 broad district classifications: Residential, Commercial, Industrial and Special Districts. Each district has sub-categories for the different types of use within that land use classification.

Landlord

A person or company who leases rights of real estate use to a tenant. Also see Lease Agreement and Tenant.

Latent Defect

A physical deficiency or construction fault in a property that is not visible or discoverable through a reasonable inspection.

Law of Property Act

Alberta's provincial statute that provides the legal framework in regard to real property rights which are the subject of instruments such as mortgages, contracts, and conveyances.

Lease (see Lease Agreement)

Lease Agreement

A written agreement between an owner (landlord) and a tenant under which the owner allows the tenant the right of exclusive use of the property for a specified time, rent and terms. Also see Landlord and Tenant.

Leased Parking Stall

A parking stall that is part of the common property and therefore owned collectively by the condominium corporation. The use of this parking stall is essentially permanently leased to an individual owner. Responsibility and care for this parking stall is often delegated to the unit owner. On Condominium Plans registered after September 1, 2000, these parking stalls are illustrated using dashed lines. On Condominium Plans registered before September 1, 2000, these parking stalls are typically not differentiated from the rest of the common property.

Leased Storage Area

A storage area that is part of the common property and therefore owned collectively by the condominium corporation. The use of this storage area is essentially permanently leased to an individual owner. Responsibility and care for this storage area is often delegated to the unit owner. On Condominium Plans registered after September 1, 2000, these storage areas are illustrated using dashed lines. On Condominium Plans registered before September 1, 2000, these storage areas are typically not differentiated from the rest of the common property.

Leasehold Improvements

An addition or improvement made by a tenant to the leased premises. Leasehold improvements are more commonly associated with interior finishing and mechanical systems made by a commercial tenant pursuant to a lease agreement.

Leasehold Interest

The interest in real property by a tenant which is created through an agreement (i.e. lease) between a landlord and a tenant. Leases that are more than 3 years can be registered against the title of the property. Leases that are not registered on the title are still effective without registration.

Legal Description

The official description of land used for legal purposes. Municipalities use Plan, Block and Lot for legal land descriptions. Legal Subdivisions are used for the legal description of rural properties and Condominium Plan Numbers are used for the legal description of condominiums. A legal address is not the same as a municipal address. Also see Municipal Address.

Legal Mortgage

The first mortgage registered on title as a charge against that property. Also see First Mortgage.

Legal Subdivision

A way in which to reference subdivided land. A section has 16 Legal Subdivisions (i.e. 4 per quarter section). Each is 16 hectares (i.e. 40 acres) and numbered from the southeast to the northeast corner.

Legal Use

The use of land/property that meets the requirements of the current municipal Land Use Bylaw and, in the case of property, has been built with the proper permits as required by the municipality.

Lender

An individual or institution responsible for underwriting, funding and administering a mortgage loan and to whom real estate is pledged as security for the loan. This may include institutional lenders, non-institutional lenders, government lenders and private lenders. Also see Mortgagee.

Lender Documentation

The application and all supporting documentation provided by the mortgage brokerage industry member to the lender. Wherever possible, all supporting documentation should be provided to the lender in one package.

Lender Product Sheet

A lender product sheet describes the particulars of a specific mortgage product, including term, amortization, repayment privileges, loan to value maximum, debt servicing maximum ratios, mortgage size restrictions, underwriting criteria, applicant income, equity sources, acceptable credit history (e.g. minimum credit score, bankruptcy history) and any other details relevant to the specific lender product or program. A lender product generally targets a particular borrower type or meets a specific borrowing need in the marketplace. Product sheets are provided by lenders to mortgage brokerage industry members for their information. If a product sheet is used for a specific mortgage, it should be retained by the industry member as part of the transaction record. Also see Lender Rate Sheet.

Lender Rate Sheet

A lender rate sheet shows the rates and fees for its product line. The rates are generally based on term, amortization, prepayment features, loan size, quickness of advance and other relevant details related to the lender's mortgage products. The rate sheet is provided by lenders to mortgage brokerage industry members for their information. If a rate sheet is used for a specific mortgage deal, it should be retained by the industry member as part of the transaction record. Also see Lender Product Sheet.

Lessee

A person who leases property from another. May also be referred to as a tenant. Also see Tenant.

Lessor

A person or company that leases rights of use for real estate to a tenant. A lessor may also be referred to as a landlord. Also see Landlord.

Letter of Reprimand

The least severe form of discipline following a Professional Conduct Review by the Real Estate Council of Alberta. A Letter of Reprimand is typically issued to an industry professional when there is sufficient evidence of conduct deserving of sanction, but the resulting breaches are technical or minor in nature. Also see Professional Conduct Review.

Leverage

The use of borrowed funds to supplement investment.

Liability

A debt owed by an individual or organization to another individual or organization.

Liability Insurance

A type of insurance to protect against claims alleging that a person's negligence or inappropriate action resulted in injury or damage to another person or property.

Licence

The authorization issued by RECA to new and existing industry professionals to trade in real estate, deal in mortgages or provide real estate appraisal services in Alberta.

Licence Reciprocity

Refers to jurisdictions that have entered into mutual recognition agreements between them to allow currently authorized real estate professionals in one jurisdiction to apply for the comparable class of licence in the other's jurisdiction.

Licence Renewal

The activities undertaken by industry professionals on an annual basis to remain authorized by RECA in order to trade in real estate, deal in mortgages or provide real estate appraisal services in Alberta.

Licensing

Involves the process of issuing a licence to a person. Also see Licence.

Lien

A financial claim permitted by statute to be registered against the title of a property for the payment of a debt.

Lifetime Withdrawal from Industry

Industry members may apply to withdraw from industry membership under section 54 of the *Real Estate Act*. If Council approves an application to withdraw, all disciplinary proceedings in respect to an industry member and his/her conduct will be discontinued. As a consequence of withdrawing under s.54, the former industry member will receive a permanent, lifetime ban from the industry.

LINC (see Land Identification Number Code)

Listing

A property for which the seller has entered into a written service agreement with a real estate brokerage to market his or her property for sale.

Listing Price

The amount of money that a property that is under contract with a brokerage may be advertised to the public and marketed through various listing databases by the brokerage.

Loan Broker

A person who for compensation directly assists a person in obtaining credit or a loan of money for business or personal use, including credit or a loan made from the loan broker's own funds.

Loan File

The file retained by the mortgage brokerage industry member containing the application and all supporting documentation. Loan files must be kept by the mortgage brokerage for no less than three years for both funded loans and non-funded loans as per the *Act*. Supporting documentation may be stored in hard copy or electronically. It is generally understood that Canada Revenue Agency requires retention of all files for a minimum of seven years. Also see Supporting Documents.

Loan to Value

A percentage calculation that expresses the amount of the mortgage relative to the appraised value or sale price of the property, whichever is lower.

Local Improvement

An infrastructure improvement that benefits a specific group of property owners, resulting in a local improvement levy on those properties to pay for the improvement. Both local municipalities and property owners can initiate local improvements. Property owners benefiting from a local improvement are assessed in an equitable manner, as prescribed in the *Municipal Government Act*.

Low-Flow Fixtures

Plumbing fixtures (e.g. toilets, showerheads, aerators) that use less water than conventional fixtures.

LTV (see Loan to Value)

Management Agreement

A contract in which the roles, duties and expectations of the parties regarding the administration of a property are clarified and agreed to.

Marijuana Grow Operation

Any property that has been leased or bought by persons in the illegal drug trade which has been turned into an indoor growing environment for marijuana plants.

Market Bubble

A temporary situation in the economy characterized by prices for a product becoming grossly inflated beyond its realistic value due primarily to excessive consumer confidence.

Market Disequilibrium

Refers to a market condition in economics when the forces of demand and supply do not balance and there is an inherent tendency for change. Disequilibrium is indicated by the existence of either a market surplus or market shortage. Also see Market Shortage and Market Surplus.

Market Equilibrium

Refers to a market condition in economics where a market price is established through competition such that the amount of goods or services sought by buyers is equal to the amount of goods or services supplied by sellers.

Market Price

The amount actually paid for a property in a particular real estate transaction.

Market Rent

The rental income that a property would probably command on the open market, as indicated by current rents being paid for comparable space as of the effective date of the analysis.

Market Shortage

A condition in the market in which the quantity demanded for a product or service exceeds the quantity supplied at the current price.

Market Surplus

A condition in the market in which the quantity supplied for a product or service exceeds the quantity demanded at the current price.

Market Value

The expected value of a property assuming that it has been exposed to an open real estate market for a reasonable period of time and the resulting real estate trade involves informed and willing buyers and sellers.

Mass Appraisal

The process of determining the assessed values of properties by collecting relevant sales data over a specific time period for the same type of property and a similar municipal area. The data is aggregated and analyzed to set an assessed value for each property for that type of property and municipal area. Also see Property Assessment.

Material Latent Defect

A physical deficiency that is not visible and renders a property dangerous or potentially dangerous, unfit for habitation or unfit for the purpose for which it is acquired. It may also include defects that would involve great expense to remedy, notices from local authorities that prejudicially affect the property or a lack of appropriate permits.

Material Misstatement

False, misleading or inaccurate data that could influence the decisions of those individual who review the information.

Maturity

The end of a term, or period of time, for a mortgage loan at which time the borrower may have the option to pay off the mortgage, renew it with the existing lender or transfer it to another lender.

Measurement Standard

An accepted method of quantifying the area of a property. Each sector of real estate practice tends to have a generally accepted method for measuring the applicable properties.

Mediation

A form of dispute resolution that involves a trained mediator attempting to assist disputing parties arrive at a mutually acceptable solution.

Meeting

A gathering of individuals at which the affairs of the condominium corporation are addressed. Meetings provide a forum in which interested parties can identify problems, share ideas, allocate tasks, receive updates and make plans for the future. The Board of Directors is responsible for organizing, facilitating and concluding all meetings according to the bylaws of the condominium.

Meeting Minutes

The official, written record of what transpires during the meetings of the condominium corporation and Board of Directors. They are a technical account of what was discussed.

Member-at-Large

An individual serving on the Board of Directors for a condominium corporation who is not appointed as an officer of the condominium corporation. A member-at-large usually focuses on how current or proposed changes and actions of the Board of Directors will affect unit owners and may head a specific committee (e.g. welcoming committee, social committee, landscaping committee, etc.).

Mere Posting

A listing on a Real Estate Board's MLS® System where the real estate professional has chosen or agreed not to provide services to the seller other than to submit the listing for posting on MLS®. See also Multiple Listing Service.

Merger

The acquisition by one or more persons, whether by purchase, lease of shares or assets, of any control over or interest in the whole or part of a business of a competitor, supplier, customer or other person.

MIC (see Mortgage Investment Corporation)

Mill Rate

The amount per thousand dollars of assessed value of a property (or one-thousandth of a dollar). Therefore, a mill rate of 1 means an owner will pay \$1 tax per \$1,000 of assessed value.

Mineral Rights

The natural resources beneath the top layer of land. Unless specified otherwise, most land titles exclude rights to the minerals.

Minister of Service Alberta

The elected member of the provincial legislature who is responsible for the legislation and regulations administered by, or overseen by, Service Alberta. Also see Service Alberta.

Misrepresentation

A false or misleading statement or representation made by one party to another or others. It may also occur with non-disclosure or concealment of material facts. Also see Intentional Misrepresentation, Negligent Misrepresentation, Reckless Misrepresentation.

Mixed-Use Condominium

A condominium which consists of units with multiple uses (e.g. retail, commercial, residential).

MLS® (see Multiple Listing Service®)

Mobile Home

A portable dwelling other than a holiday trailer or recreational vehicle that is used as a residence, is mounted on its own chassis and running gear, is capable of being transported and is situated in a site intended for residential purposes.

Mobile Home Site

Refers to the land that is rented for the purpose of being occupied by a mobile home to be used for residential purposes and where the owner of the mobile home is not the same individual who owns the site on which the mobile home is located. Also see Mobile Home.

Mobile Home Sites Tenancies Act

Alberta legislation that governs the relationship between the owner of a mobile home and the landlord who rents the mobile home site to the mobile home owner. Also see Landlord, Mobile Home and Mobile Home Site.

Modular Construction

A type of factory-built construction that involves manufacturing 3-dimensional units that are combined together to create a cohesive building. In general, modular units are approximately 85% complete when they leave the factory.

Monthly Contribution

The monthly fee set by the Board of Directors and paid by a unit owner to the condominium corporation.

Monthly Rental Factor

A method of income analysis for small income producing properties with a single rental unit. The Monthly Rental Factor relates the gross monthly income of comparable properties to the value of the subject property. The formula for determining the Monthly Rental Factor is as follows: $\text{Monthly Rental Factor} = \text{Value} \div \text{Gross Monthly Income}$.

Mortgage

A legal agreement specifying the pledging of real property to a lender as security for a debt.

Mortgage Assumption

The act of taking possession of mortgaged property whereby the buyer accepts liability for the debt and takes responsibility of seller's existing mortgage at the interest rate and terms as laid out in the original mortgage documents. The seller remains liable to the mortgage lender unless the lender agrees to release the seller from the debt obligation.

Mortgage-Backed Securities

A type of investment that represents an ownership interest in a bundle of amortized residential mortgages insured by Canada Mortgage and Housing Corporation (CMHC) under the *National Housing Act* (NHA) or the government-backed private mortgage insurers.

Mortgage Default

A borrower's failure to fulfill his or her obligations contained in a mortgage agreement.

Mortgage Fraud

A material misstatement, misrepresentation or omission relied upon by a lender or insurer to underwrite, approve, fund or insure a mortgage loan. It is any scheme designed to obtain mortgage financing under false pretenses.

Mortgage Fraud for Housing

Occurs when a borrower (i.e. buyer) attempts to obtain a larger mortgage than he or she would otherwise be able to arrange and falsifies the information to the lender in order to qualify for the mortgage.

Mortgage Fraud for Profit

Typically perpetrated by organized crime or by individuals seeking financial gain through property manipulations.

Mortgage Fraud Red Flags

Potential indicators or warning signs that a real estate, mortgage brokerage or real estate appraisal transaction may be fraudulent. When 2 or 3 red flags appear in the same transaction, it can be an indication of the presence of mortgage fraud.

Mortgage Insurance

A credit risk management tool protecting the lender from losses due to default on the mortgage by the borrower. It is typically required when the loan to value ratio for the property is 80% or greater.

Mortgage Insurer

A provider of mortgage loan (default) insurance to lenders. Also see Mortgage Insurance.

Mortgage Investment Corporation

A private investment and lending company that pools its funds from many investors for the purpose of loaning money to borrowers. Each loan is secured with a mortgage registered on the title of the respective property.

Mortgage Origination

The process through which a lender creates a mortgage secured by the borrower's (i.e. mortgagor's) real property. Also see Mortgage.

Mortgage Plus Improvements

A feature that allows the borrower to add the cost of improvements or renovations to a property into a mortgage loan.

Mortgage Pre-Approval

An approval for a mortgage based on a borrower's qualifications made in advance of a real estate purchase. A written pre-approval protects the borrower by specifying the mortgage term, interest rate and maximum amount of the loan. If mortgage rates rise, the borrower receives the pre-approved rate. If rates drop, the borrower receives the lower rate. However, the borrower must take possession of a property before the pre-approval expires. They typically are 60 or 90 days, but may be as long as 120 days for new construction. Once a property has been purchased, the pre-approval is subject to the borrower submitting any final supporting documentation, providing his or her financial position has

not changed. It is also subject to the property meeting the lender's underwriting requirements.

Mortgage Pre-Qualification

The tentative approval for a mortgage based on the borrower's qualifications made in advance of a real estate purchase. It is for a specified period of time and subject to the borrower submitting his or her supporting documentation to the lender, providing his or her financial position has not changed. Once a property has been purchased, the property must also meet the lender's underwriting requirements.

Mortgage Professionals Canada

Canada's national mortgage industry association.

Mortgage Refinance

The process by which a borrower seeks to discharge an existing mortgage in order to establish a new one. The new mortgage maybe with the same lender or a different lender. The process typically involves the borrower paying out the existing mortgage, along with any legal claims against the property and any applicable payout penalties as a result of the early discharge. Some reasons that a borrower may consider refinancing a mortgage include obtaining a better rate, benefitting from different mortgage privileges, or experiencing better service or greater convenience.

Mortgage Renewal

The process by which a borrower agrees to another mortgage term with the current lender to replace the term that has matured. At the end of the prior mortgage term, and with a balance of funds still owing, the borrower may choose to continue with the same lender for another term. However, the details of the mortgage document may change at the time of the mortgage renewal to reflect the current mortgage market. The new term leaves the existing registered mortgage in place and is therefore not considered a new mortgage. The renewed term is secured by the old mortgage document and its provisions are amended to fit the new term.

Mortgage Statement

A statement received from the lender that includes details of the mortgage such as property address, outstanding principal balance, monthly payment, interest rate and mortgage term.

Mortgage Switch

Occurs when a borrower moves his or her current mortgage balance and remaining amortization period to a new lender. An agreement effectively transferring the interest in the mortgage to the new lender is signed by the parties and registered with the Land Titles Office. The previous mortgage terms and conditions are replaced by those of the new lender.

Mortgage Term

The period of time for which the lender loans funds to the borrower, as specified in the mortgage agreement. At the end of the mortgage term, the principal and unpaid interest becomes due and payable by the borrower to the lender. At that time the borrower may renew or refinance the mortgage. Also see Mortgage Refinance and Mortgage Renewal.

Mortgage Transferee

The lender to whom a mortgage has been conveyed (transferred).

Mortgage Transferor

The lender who conveys (transfers) a mortgage to another lender.

Mortgaged Premises

The security for the loan in the mortgage document, which typically includes the physical land and everything that is part of that land, or becomes part of that land. A mortgage of land automatically extends to everything that is securely attached to that land.

Mortgagee

An individual or organization that lends money secured by real property for which they may receive specified payments according to the mortgage agreement. Also see Lender.

Mortgagee in Possession

A lender that takes possession and responsibility (e.g. insurance, taxes, security and tenant relations, if applicable) of a mortgaged property. If a property includes residential leases, the mortgagee in possession must also abide by the provisions of the *Residential Tenancy Act*.

Mortgagor

A person that borrows funds secured by real property for which they may make specified payments according to the mortgage agreement. Also see Borrower.

Mould

A group of microscopic living organisms also known as fungi. A group of microscopic living organisms also known as fungi. Extensive mould could make a property unfit to live in.

Multiple Listing Service®

A central registry of properties used by REALTOR®(s) as a cooperative marketing system to match buyers with homes on the market and ensure maximum exposure of properties for sale. MLS® is owned and operated by the Canadian Real Estate Association.

Multiple Offers

A situation when multiple buyers submit an Offer to Purchase on the same property, at the same time.

Municipal Address

The address of a property, which has been provided by the municipality, and typically is the city, street and number of the property on the street. It may often be used as the mailing address as well. However, it is not the legal address of the property. Also see Legal Description.

Municipal Compliance Stamp

Municipal Compliance Stamps are found on Real Property Reports and serve as confirmation that property improvements comply with municipal bylaws and regulations. Some municipalities refer to the stamp as a Certificate of Compliance. See also Real Property Reports.

Municipal Development Plan

The basis for the municipal Land Use Bylaw and determines how property may be used and development may be carried out within its jurisdiction. According to the *Municipal Government Act*, the province is divided into municipalities and each municipality over a certain size of population must have a Development Plan. Also see Municipal Land Use Bylaws.

Municipal Government Act

Alberta legislation setting out the procedures and agreements that establish the planning policies and processes of a municipality. In addition, it establishes the municipal authorities that oversee and approve land and building development within its jurisdiction. It also authorizes the municipality regarding property taxation, service fees and local improvement levies.

Municipal Land Use Bylaws

General rules applicable to all land use classifications in a municipality (e.g. Residential, Commercial, Industrial and Special district classifications).

Mutual Agreement

An agreement created by an offer, the acceptance of the offer, and communication of the acceptance back to the offeror. It is one of several essential elements of a contract and is the basis for a meeting of the minds between the contracting parties.

Negligent Misrepresentation

A false or misleading statement made by a person believed to be true and where the person carrying out the misrepresentation took reasonable steps to assure himself or herself of the accuracy of the statement. A third party may rely on the misrepresentation to his or her potential or actual detriment.

Negotiation

A form of dispute resolution that attempts to seek a satisfactory solution for all parties to a dispute that is based on the interest of each party as opposed to their specific position on the matter. Negotiations only involve those parties to the dispute.

Net Income

The revenue after deducting expenses from gross income. If the revenue exceeds expenses, net income is positive (profit). If expenses exceed revenue, net income is negative (loss).

Net Operating Income

The revenue remaining after operating expenses have been deducted from the gross operating income, but before income taxes and interest are deducted.

New Condominium

A condominium that involves the creation of units and common areas that never existed before in brand new structures or on raw land through the registration of a Condominium Plan with Land Titles. The units within a new condominium have never previously been offered for sale. Generally, the completion of a new condominium is scheduled for a single date after which all the construction work is to be completed.

New Home Buyer Protection Act (also Alberta New Home Warranty Program)

The *New Home Buyer Protection Act* applies to new homes constructed with a building permit applied for after February 1, 2014. The legislation covers single family homes, duplexes, multi-family homes, condominiums, manufactured homes (including ready to move homes), and recreational properties. The legislation does not cover dorms, work camps, hotels and rental apartments. under the warranty periods. The minimum required warranty coverage terms are:

- 1 year labour and materials
- 2 years for defects in labour and material related to delivery and distribution systems
- 10 years for major structural
- 5 years on building envelope, with a requirement for the warranty provider to offer the option to purchase additional years of coverage

NOA (see Notice of Assessment)

NOI (see Net Operating Income)

Nominal Interest Rate

The 'face rate' shown on the mortgage document. Also see Effective Interest Rate.

Non-Conforming Use

The use of a property that met municipal requirements at one time, e.g. secondary suite, but does not meet the current Land Use Bylaw requirements. The non-conforming status may be lost if the building is renovated, damaged or destroyed. If the non-conforming use has ceased, any future use must conform to the current Land Use Bylaw requirements.

Non-Delineated Parking Stall

A leased parking stall that has not been specifically drawn on a Condominium Plan. Leases for non-delineated parking stalls are only valid while the current owner holds ownership of the associated unit. Once the associated unit is sold, the buyer has to renegotiate a new lease with the condominium corporation in order to use the parking stall.

Non-Delineated Storage Area

A leased storage area that has not been specifically drawn on a Condominium Plan. Leases for non-delineated storage areas are only valid while the current owner holds ownership of the associated unit. Once the associated unit is sold, the buyer has to renegotiate a new lease with the condominium corporation in order to use the storage area.

Non-Disclosure

The failure or refusal to declare or reveal information that is required by one or more parties.

Non-Exclusive Representation Relationship

A real estate relationship that allows for multiple brokerages to act on behalf of a client.

Non-Profit Continuing Housing Cooperative

A form of residential housing whereby members obtain the right to occupy a unit under a tenancy agreement. The cooperative owns the real property, the building and the land on which the structure is built and holds title to the property.

Non-Profit Home Ownership Cooperative

A form of residential land tenure where members own their individual unit with the cooperative owning the land and the common property.

Non-Representation Relationship

A type of real estate relationship in which a real estate professional works with a party to a trade in real estate but does not act on behalf of that party. Also see Customer.

Notice of Assessment

An individual summary sent to each taxpayer by Canada Revenue Agency after processing his or her tax return. It may also indicate any corrections to the return, such as taxes owing or refunds to be paid.

Occupancy Rate

Refers to the number of units or space occupied in a building to the total number of units or space available.

Offer to Purchase

An Offer to Purchase (also known as Real Estate Purchase Contract) is the contract a property buyer will write for submission to a property seller. It contains the date of the offer, the description of the property being offered on, the amount of the deposit, the purchase price being offered, down payment and financing details, as well as the buyer's name and address, and the name and address of the seller, subject-to clauses, conditions, closing dates, and any special requirements you want to impose on sellers (for example, you want the kitchen appliances). See also Conditional Offer.

Officer of the Condominium Corporation

An individual serving on the Board of Directors for a condominium corporation who has specific duties and responsibilities as outlined under the *Condominium Property Act*. An individual holding the title of President, Vice-President, Treasurer or Secretary is an officer of the condominium corporation.

Off-Site Condominium Manager

A condominium manager whose office and/or residence are located away from the condominium he or she is working with.

On-Site Condominium Manager

A condominium manager who has a dedicated space to hold office hours and/or possesses a residence in the condominium.

Open Mortgage

A mortgage that can be paid off early without any penalties or fees attached.

Operating Fund

Cash and cash equivalents used to pay for the regular, recurring (i.e. weekly, monthly or annually) expenses of the condominium.

Opposing Interests

When the interests of clients represented by the same brokerage oppose one another in the same real estate transaction or potential transaction.

Order

A decision made by a court or other decision-making entity that may or may not be the final outcome of the matter.

Order of Possession

A court order that enables the applicant to occupy vacated premises. Typically, an order of possession is obtained by a mortgagee to take possession of the mortgages premises when in default or by an owner who seeks to have illegal occupants removed from the premises. In the case of residential tenancies there are special provisions as prescribed in the *Residential Tenancies Act*. Also see *Residential Tenancies Act*.

Ordinary Resolution

A resolution for which a vote is conducted by a show of hands. A majority consists of more than 50% of eligible voters.

Origination Fee

A fee paid to a lender for processing a mortgage loan application.

Owner Occupied

A property used as a self-contained domestic property occupied by the owner and used as the primary place of residence.

Party Wall Agreement

An agreement registered on the title of each property that sets out the rights and obligations of each party regarding the common dividing wall.

Patent Defect

A physical deficiency in a property that is visible through the exercise of reasonable vigilance in the course of a property inspection.

Payout Penalty

The future, currently unpaid, interest some lenders add to the remaining principal of a loan to determine a payout figure in the event that the loan is terminated before the original term is completed.

Permit

A document that gives an individual authorization to build a new structure or demolish, relocate, repair, alter or make additions to an existing building.

Person

From a legal perspective represents an individual, sole proprietorship, partnership, unincorporated or incorporated entity or organization with legal rights and existence.

Personal Covenant

The legally binding promise made by the borrower to repay the mortgage amount including the interest. Failure to do so provides the lender the right to sue the borrower personally to obtain repayment of the principal amount in addition to foreclosing on or selling the property.

Personal Information

Factual or subjective information about an individual that can be used to identify that individual.

Personal Information Protection Act

Alberta legislation governing the collection, use and disclosure of personal information by private sector organizations in a manner recognizing both the right of the individual to have his or her personal information protected, and the need of organizations to collect, use, or disclose personal information for reasonable purposes.

Personal Information Protection and Electronic Documents Act

Federal legislation governing the collection, use and disclosure of personal information collected through commercial activity applicable to all private enterprises across Canada and all organizations under federal jurisdiction. Alberta, British Columbia and Quebec are not covered by PIPEDA as they are covered by similar provincial statutes however federal organizations in these provinces are governed by PIPEDA.

Personal Trades in Real Estate

Refers to a real estate professional buying, selling, leasing or renting property for personal or commercial purposes on his or her own behalf. If a real estate professional has a direct or indirect interest in a real estate transaction, they are required to make certain disclosures to the other parties in the transaction.

Phased Development

A form of new condominium in which the construction is finished in multiple stages and therefore has several completion dates.

Phased Development Disclosure Statement

A document provided by a developer that contains the following details regarding a phased development:

- A statement indicating that the building or land is to be developed in phases
- The maximum and minimum number of units in the entire project
- A description of the units and common property in the initial phase and subsequent phases
- The basis for allocating unit factors within the condominium corporation
- The extent to which the developer will contribute to the common expenses during the development of each phase and the entire project
- The effect on the owners' monthly contributions for administrative expenses and the condominium corporation's budget if future phases are not completed
- Details of the proposed appearance of each phase and its compatibility with other phases

PI (see Principal and Interest)

PIPA (see *Personal Information Protection Act*)

PIPEDA (see *Personal Information Protection and Electronic Documents Act*)

PIT (see Principal, Interest and Tax)

Plaintiff

A person or organization who brings legal action against another person or organization in a court of law.

Portability

The ability of the borrower to transfer an existing mortgage, including the rate and terms, from one property to another property. However, the lender may require the borrower to re-qualify for the same mortgage because the financial circumstances of the borrower may have changed and the property securing the mortgage has changed.

Postponement of Mortgage

Process by which a lender agrees to maintain a position of subsequent priority in the event of rearrangement and registration of a prior mortgage. Also see Mortgage.

Post-Tension Cable

A group of steel bands (i.e. tendons) that are coated in grease or another corrosion-inhibiting substance and encased in plastic or metal sheathing. The cable is stretched using hydraulic jacks and secured in place using anchorages before being embedded in concrete.

Power of Attorney

A written, signed, dated and witnessed document that enables an individual to appoint another person to act on his or her behalf with respect to his or her financial and legal affairs including debts. Also see Special Power of Attorney.

Pre-Approval

An approval for a mortgage based on a borrower's qualifications made in advance of a real estate purchase. A written pre-approval protects the borrower by specifying the mortgage term, interest rate and maximum amount of the loan. If mortgage rates rise, the borrower receives the pre-approved rate. If rates drop, the borrower receives the lower rate. However, the borrower must take possession of a property before the pre-approval expires. They typically are 60 or 90 days, but may be as long as 120 days for new construction. Once a property has been purchased, the pre-approval is subject to the borrower submitting any final supporting documentation, providing his or her financial position has not changed. It is also subject to the property meeting the lender's underwriting requirements.

Pre-Payment Penalty

A fee charged by a lender when the borrower prepays all or a part of the mortgage in excess of the regular payments allowed as stipulated in the mortgage agreement.

Pre-Qualification

The tentative approval for a mortgage based on the borrower's qualifications made in advance of a real estate purchase. It is for a specified period of time and subject to the borrower submitting his or her supporting documentation to the lender, providing his or her financial position has not changed. Once a property has been purchased, the property must also meet the lender's underwriting requirements.

Primary Mortgage Market

A mortgage market in which original loans are made by lenders.

Primary Residence

The residential property which the borrower occupies as his or her main residence on a continual basis.

Prime Rate

The interest rate charged by lenders to its most creditworthy borrowers.

Principal (Agency)

The individual (i.e. client) who authorizes the agent (e.g. real estate or mortgage brokerage professional) to act on his or her behalf in an agency relationship. Also see Agency.

Principal (Financial)

A sum of money owed as a debt upon which interest is calculated.

Principal (Mortgage)

The amount of funds originally borrowed from the lender or the portion of a mortgage still owing upon which interest is calculated. Also see Mortgage.

Principal and Interest

A periodic mortgage payment calculation based on a combination of principal repayment and interest. Also see Mortgage.

Principal, Interest and Tax

A periodic mortgage payment calculation based on a combination of principal repayment, interest and a portion of the property taxes. Also see Mortgage.

Principles of Value

Accepted principles that guide the work of appraisers and form the basis of their value-related decisions.

Priority

The order in which financial obligations registered on the title of a property would be addressed upon disposition of the property (e.g. sale of the property, foreclosure, settlement of an estate). With a few exceptions (e.g. property taxes, condominium fees), the order is determined by the date of registration of the financial encumbrance on the title of the property.

Privacy

Refers to an individual's ability to retain control over his or her personal information.

Private Lender

Any individual, group of individuals as in a syndicated mortgage or Mortgage Investment Corporation other than a financial institution that advances funds in return for a mortgage with agreed to repayment terms and conditions. Private lenders do not include chartered banks, treasury branches, credit unions, loan corporations, trust companies, and insurance companies, any persons engaged in the business of making loans secured with mortgages or any persons that manage registered pension plans.

Private Mortgage

A mortgage contract in which the lender is not a registered financial institution but rather a private corporation and/or an individual.

Privity of Contract

A legal principle under the common law that as a general rule, prevents any person from seeking enforcement of a contract or suing on its terms unless they are a party to the contract.

Product Sheet

A lender product sheet describes the particulars of a specific mortgage product, including term, amortization, repayment privileges, loan to value maximum, debt servicing maximum ratios, mortgage size restrictions, underwriting criteria, applicant income, equity sources, acceptable credit history (e.g. minimum credit score, bankruptcy history) and any other details relevant to the specific lender product or program. A lender product generally targets a particular borrower type or meets a specific borrowing need in the marketplace. Product sheets are provided by lenders to mortgage brokerage industry members for their information. If a product sheet is used for a specific mortgage, it should be retained by the industry member as part of the transaction record. Also see Lender Rate Sheet.

Production Order

A formal written direction specifying that a party with relevant documents produce those documents for the purpose of a Professional Conduct Review carried out by RECA or litigation through the courts. Also see Professional Conduct Review.

Professional Condominium Management

The Board of Directors delegates some or all of the duties associated with the condominium to a condominium manager.

Professional Conduct Review

The formal process RECA undertakes to gather evidence to help determine if an industry professional's conduct is deserving of sanction. Professional Conduct Reviews are carried out based on the legislative requirements of the *Real Estate Act*, the principles of natural justice and administrative law and RECA's investigative policies and procedures.

Professional Conduct Review Officer

The person who is responsible for carrying out the duties of RECA's formal investigative process according to the legislative requirements of the *Real Estate Act*, the principles of natural justice and administrative law and RECA's Professional Conduct Review Program.

Professional Courtesy

A form of mutual respect among individuals working in the same profession. Professional courtesy as it relates to the real estate industry would include a real estate professional observing or experiencing a minor breach of the *Real Estate Act* or Rules or noting an error in property information and notifying the colleague who committed the breach, of the issue.

Professional Liability Insurance

A form of business liability insurance intended to cover damages resulting from errors, omissions and negligence by professionals that occurred in the course of providing their business services.

Property

The rights inherent in the ownership of a commodity.

Property Assessment

The process of determining the property value for taxation purposes. Assessment is used to determine the property owner's proportionate share of municipal taxes on an annual basis.

Property Assessor

An individual who places a value on real estate for the purpose of taxation.

Property Defect

A shortcoming or failing of a property.

Property Inspection

A visual examination of readily accessible interior and exterior aspects of a property in order to provide an opinion on the property's condition as of the date of the inspection. The purpose of a property inspection is to look for signs that there may be problems with the property and to suggest any areas that should be looked at further by an expert. Property inspections are performed by property inspectors. Also see Property Inspector.

Property Inspection Contract

A legally binding agreement entered into by a consumer and a property inspector that specifies the details for a property inspection to be performed on a particular property.

Property Inspection Report

Written communication describing property issues discovered from observations made, and research conducted by, a qualified property inspector. The report should include the following information:

- Convey the current condition of all inspected items
- Emphasize any inspected items that are unsafe or require major repairs and/or replacement
- Estimate when repairs and/or replacements of inspected items will need to occur
- Describe preventative measures that can be taken to remedy current issues or extend the life of the inspected items

Property Inspector

An individual who performs a property inspection.

Property Insurance

A legal agreement which provides financial protection against most risks to property due to damage or destruction caused by specified perils such as fire, theft, vandalism.

Property Management

The management of the administrative, operations and maintenance of real property according to the ownership objectives. According to the *Real Estate Act*, property management activities are included in the definition of trading in real estate. As such, an individual requires an authorization from RECA to carry out property management activities. Property management activities include any of the following:

- i. leasing or offering to lease real estate or negotiating or approving, or offering to negotiate or approve, a lease or rental of real estate.
- ii. holding money received in connection with an activity referred to in subclause (i).
- iii. collecting, or offering or attempting to collect, on behalf of the owner or other person in charge of real estate, money payable as rent for the use of the real estate.
- iv. advertising, negotiating or carrying out any other activity, directly or indirectly, for the purpose of furthering an activity referred to in any subclause (i), (ii) or (iii).

Property Manager

An individual or business that performs administrative, operational and/or maintenance duties on behalf of the owner of a property for compensation. Depending on the duties performed, a real estate authorization from the Real Estate Council of Alberta may or may not be required.

Property Taxes

The annual amount charged each property owner by the municipality where the property is located. The amount is based on the assessed value of the property in relation to the municipal tax rate for that classification of property, as determined annually by the municipality. Property taxes fund the operations and services of the municipality. In addition, portions of the property tax may also relate to the provision of education and the payment for a local improvement levy.

Provincial Court of Alberta

The point of first entry into Alberta's justice system which hears proceedings, applications and trials relating to civil law, criminal law, family law, youth law, and traffic law subject to any statutory limitations.

Purchase Contract

A legally binding agreement entered into by a buyer of real estate and a seller of real estate that details the buyer's intention to purchase a specific property from the seller of that property provided that certain terms and conditions, as described in the agreement, will be met.

Purchaser

The buyer of real estate. Also see Buyer.

Qualifying

The process of determining a prospective borrower's eligibility for mortgage financing related to a potential real estate purchase.

Quarter Section

A geographic reference for a parcel of land measuring 64.7 hectares or 160 acres and usually identified as NE, SW, NW or SW.

Quorum

The minimum number of individuals entitled to vote that must be present or represented by proxy at a meeting in order for the business of the condominium corporation to be transacted.

Radon

An odourless, tasteless and colourless gas. It is a by-product of the decay of uranium, a radioactive element that exists naturally in soil and rock formations.

Rate Sheet

A lender rate sheet shows the rates and fees for its product line. The rates are generally based on term, amortization, prepayment features, loan size, quickness of advance and other relevant details related to the lender's mortgage products. The rate sheet is provided by lenders to mortgage brokerage industry members for their information. If a rate sheet is used for a specific mortgage deal, it should be retained by the industry member as part of the transaction record. Also see Lender Product Sheet.

Ratification

The principal subsequently agrees to be bound by the actions of his or her agent, who has acted without authority or in excess of granted authority.

Ratio of Owners-to-Renters Statement

A document that indicates the number of units occupied by owners compared to the number of units occupied by renters.

Real Estate

Refers to the unimproved or raw land plus any improvements that are permanent or fixed to the land.

Real Estate Act

Alberta legislation regulating the real estate, mortgage brokerage and real estate appraisal industries, including its professionals and industry practices.

Real Estate Act, Bylaws

The guidelines adopted by the Council for its governance and administrative functions.

Real Estate Act, Regulations

The amendments or interpretations to sections of the *Real Estate Act* which are made by the Minister responsible for the *Act* or the Lieutenant Governor in Council.

Real Estate Act, Rules

The standards of practice for industry professionals in real estate, mortgage brokerage and real estate appraisal as established and amended by the Council. The Rules relate to the legislative requirements and industry practices that affect industry professionals when carrying out their business activities on a daily basis.

Real Estate Appraisal

A formal, impartial estimate or opinion of value, usually written, of a specific and adequately described property, as of a specific date and supported by the presentation and analysis of relevant data pertinent to a property.

Real Estate Appraiser

An individual authorized by RECA to perform real estate appraisal services for a fee. A real estate appraiser is an accredited professional whose main service typically involves estimating the value of real property at a specified date in a manner that is independent, impartial and objective.

Real Estate Associates Program

Refers to the pre-licensing education requirement for real estate associates in Alberta.

Real Estate Assurance Fund

Helps to protect consumers when working with industry professionals in real estate and mortgage brokerage. The purpose of the Fund is to pay, in whole or in part, judgments obtained or claims made against real estate or mortgage brokerage professionals who have committed fraud or breach of trust or failed to account for or disburse monies held in trust. The Fund is supported through fees paid by real estate and mortgage brokerage professionals. Also sometimes referred to as the Consumer Protection Fund.

Real Estate Brokers Program

Refers to the pre-licensing education requirement for real estate brokers in Alberta.

Real Estate Council of Alberta

The governing body for the real estate, mortgage brokerage and real estate appraisal professions as authorized under the *Real Estate Act* of Alberta. The purposes of the Council include: to set and enforce standards of conduct for the industry and business of industry professionals; investigate, detect and suppress mortgage fraud; provide services that enhance and improve the industry and business of industry professionals; and to administer the *Real Estate Act*. Also see *Real Estate Act*.

Real Estate Insurance Exchange

A reciprocal insurance provider delivering financial protection to real estate brokerages and real estate professionals by administering a mandatory program of errors and omissions insurance. Also see Errors and Omissions Insurance.

Real Estate Purchase Contract

A Real Estate Purchase Contract (also known as an Offer to Purchase) is the contract a property buyer will write for submission to a property seller. It contains the date of the offer, the description of the property being offered on, the amount of the deposit, the purchase price being offered, down payment and financing details, as well as the buyer's name and address, and the name and address of the seller, subject-to clauses, conditions, closing

dates, and any special requirements you want to impose on sellers (for example, you want the kitchen appliances). See also Conditional Offer.

Real Estate Practice Advisor

A member of the Office of the Executive Director of RECA who provides information and guidance to real estate brokers and broker delegates on a variety of issues. Discussions between the Practice Advisor and brokers or broker delegates are confidential and are on a without prejudice basis.

Real Estate Professional

The term used by RECA that refers to an individual who is authorized by RECA to trade in real estate and/or manage properties. These individual must be engaged by or associated with a real estate brokerage. Also see Brokerage.

Real Property

Refers to the land any permanent improvements to the land and the property rights that go with the ownership of the land.

Real Property Report

A legal document produced by a land surveyor that clearly illustrates the boundaries of a property and the location of improvements to the land relative to the boundaries. It also illustrates other issues impacting the property, such as rights-of-way, easements, encroachments, etc. In addition, it may contain a surveyor's opinion or concerns regarding these items. A current real property report (RPR) illustrates the up to date improvements on the land and their relationship to the property boundaries whereas an existing RPR may not illustrate the current state of a property if any improvements were made to the land since the date of the RPR.

REALTOR®

A registered trademark of the Canadian Real Estate Association (CREA). Real estate professionals are not required to be members of their local board, however only real estate professionals who are members of their local real estate board are authorized to use the REALTOR® term.

REAP (see Real Estate Associates Program)

REBP (see Real Estate Brokers Program)

RECA (see Real Estate Council of Alberta)

RECA Online

The industry professional database system that RECA administers that supports its responsibilities under the *Real Estate Act* as it relates to issuing authorizations. Brokers, appraisers and candidates are granted access to the system to perform certain online functions related to their real estate, mortgage brokerage or real estate appraisal practice.

Reckless Misrepresentation

A false or misleading statement made by a person who while they had no intent to mislead anyone failed to take the reasonable steps to confirm the statement's truthfulness or

accuracy. A third party may rely on the misrepresentation to his or her potential or actual detriment.

Reconciliation

The process by which a real estate appraiser evaluates, chooses and selects from among two or more alternative conclusions or indications to reach a single answer (i.e. final value estimate).

Recreational Agreement

A written contract entered into by a condominium corporation to allow an owner to use recreational facilities not located on the common property or non-owners to use recreational facilities located on the common property.

Recreational Building

A building designed for leisure or as a second residence.

Recreational Condominium

A condominium that consists of units that owners and/or occupants visit from time to time as a weekend or vacation destination.

Redemption

The act of performing the borrower's obligations and consequential release of the mortgage on the property.

Referral

The act of recommending or directing a person for service, assistance, or business to another person or business.

Refinance

The process by which a borrower seeks to discharge an existing mortgage in order to establish a new one. The new mortgage maybe with the same lender or a different lender. The process typically involves the borrower paying out the existing mortgage, along with any legal claims against the property and any applicable payout penalties as a result of the early discharge. Some reasons that a borrower may consider refinancing a mortgage include obtaining a better rate, benefitting from different mortgage privileges, or experiencing better service or greater convenience.

Registered Size

The floor space of a unit within a condominium as outlined in the Schedule of Unit Factors and Unit Areas on a Condominium Plan. In addition to the above ground space contained in the unit, the registered size may include a variety of areas, such as a basement, garage, parking stall or storage area.

Registrant

An industry member who is employed by and associated with a licensed brokerage.

Rehabilitation

The restoration of a property to satisfy conditions without changing the plan, form, or style of a structure. In urban renewal, the restoration to good condition of deteriorated

structures, neighborhood, and public facilities. Neighborhood rehabilitation may extend to street improvements and the provision of such amenities as parks and playgrounds.

REIX (see Real Estate Insurance Exchange)

Remainder Unit

In a barely blended condominium, a unit that includes areas for use by unit owners that is owned by the condominium corporation who is responsible for its care and maintenance.

Remediation

Measures to reduce contamination to a level that does not impair or damage the environment, human health or safety or property.

Remediation Certificate

A program introduced by Alberta Environment and Sustainable Resource Development to encourage the remediation of contaminated property. A remediation certificate is meant to provide assurance that appropriate measures were utilized to cleanup contamination. A remediation certificate only applies to the specific areas of contamination that was remediated, not an entire property.

Remuneration

The compensation (e.g. commission, gifts, other benefits) received by the brokerage for services rendered to a party (e.g. customer, client). Also see Compensation.

Rent

The financial compensation paid to a landlord for the temporary use and/or occupation of real estate by a tenant. Also see Landlord.

Rental Agreement

A written agreement between an owner (landlord) and a tenant under which the owner allows the tenant the right of exclusive use of the property for a specified time, rent and terms. Also see Landlord and Tenant.

Rented Parking Stall

A parking stall owned by a unit owner or the condominium corporation that is used on a temporary or ongoing basis (e.g. month-to-month) by another unit owner in exchange for a fee.

Rented Storage Area

A storage area owned by a unit owner or the condominium corporation that is used on a temporary or ongoing basis (e.g. month-to-month) by another unit owner in exchange for a fee.

Representation Relationship

A type of real estate relationship in which a real estate professional acts for one of the parties to a trade or potential trade in real estate on behalf of his or her brokerage. Also see Client.

Resale Condominium

A condominium in which units are offered for sale for other than the first time. The structures in which units may be contained are not typically new and the units themselves have been previously owned and occupied.

Reseller

An individual or business that has previously purchased one or more units within a condominium and is now offering those units for sale.

Reserve Fund

Cash and cash equivalents used to pay for major capital repairs and replacements of the condominium corporation's common property that do not occur on an annual basis.

Reserve Fund Plan

A document prepared by the condominium corporation's Board of Directors on the Reserve Fund Report that states how the Board of Directors will address the revenue and expenses required to meet the long-term capital needs of the condominium. The Reserve Fund Plan should include the following information:

- Provide for the establishment of a reserve fund, if one has not already been created
- Identify the capital expenses to be incurred by the condominium corporation
- Outline the timetable over which these expenses will be incurred
- Indicate the method of funding and the amount needed for maintaining the reserve fund

Reserve Fund Report

A statement containing the results of the Reserve Fund Study that is prepared and submitted in writing to the Board of Directors of the condominium corporation. The Reserve Fund Report must include the following information:

- The qualifications of the person who carried out the Reserve Fund Study and prepared the Reserve Fund Report
- Whether or not the person who completed the Study and prepared the Report is an employee/agent or otherwise associated with the condominium corporation or any person who performs management or maintenance services for the condominium corporation
- Identify what property may need to be repaired or replaced within the next 25 years
- Assess the present condition of the common property and estimate when it will need to be repaired or replaced
- Estimate the current cost to repair or replace components of the common property
- Assess the potential for damage to the common property and possible costs if repair or replacement is delayed
- Identify the life expectancy of a component if it is repaired or replaced

Reserve Fund Study

An analysis of the common property of a condominium corporation that includes the following:

- An inventory of all common property that may need repair or replacement within 25 years
- The present condition of the common property and an estimate of when each component may need to be repaired or replaced
- The estimated costs of repairing and replacing each component of the common property
- The life expectancy of each repaired or replaced component of the common property
- The current amount of the reserve fund and basis for its determination
- The recommended amount of money that should be added to the reserve fund, if any, in order to ensure necessary repairs and replacements occur and the basis for its determination

Residential Building

A building used as a dwelling by one or more occupants.

Residential Condominium

A condominium that consists of units in which owners and/or occupants live full-time.

Residential Property

A type of property that a municipality has designated for use as single family detached homes, townhouses, apartments, condominiums, and cooperatives that is or was used as a residence.

Residential Tenancies Act

Alberta legislation that governs the matters related to residential tenancy, including such items as the covenants and obligations of the parties, types of tenancies that are included/exempted, types of leases and prescribed periods in which to give notice. Non-compliance with the *Residential Tenancies Act* can carry a fine.

Residential Tenancy Agreement

An agreement that outlines the terms and obligations between a landlord of a residential premise and a tenant and sets out any conditions that have been agreed to by the parties to the agreement. Also see Landlord and Tenant.

Resolution

A decision agreed upon by the condominium corporation through the use of a vote.

Restrictive Covenant

A written agreement registered on title that places a restriction or limitation on the use of the land or on the architectural detail of a property.

Retail Building

A building used to promote commerce with consumers for goods and/or services.

Retail Condominium

A condominium that consists of units in a retail facility (e.g. mall).

Revenue

Money an individual or organization receives in exchange for providing goods and/or services.

Reverse Mortgage

A mortgage on a principal residence taken out by the owner who must be 60 years of age or older and that allows for a portion of the property's equity to be converted into cash. No payments are made and the payments and interest accumulate against the equity in the property. The owner must continue to reside in the property for the reverse mortgage to stay in place. Repayment of the loan is typically triggered when the property is sold, is no longer the principal residence or on the death of the owner(s). Also see Mortgage.

Revolving Credit

A type of credit that does not have a fixed number of payments, in contrast to installment credit. Examples of revolving credits used by consumers include credit cards.

Right of Redemption

The right of a borrower whose real property has been foreclosed upon to reclaim the title and possession of the property by paying off the full debt obligation.

Right of Rescission

An individual's ability to cancel a Purchase Contract under certain terms. For new and conversion condominiums, the buyers' right to rescind a Purchase Contract is tied to the condominium documents a developer is legally required to provide.

Risk

Exposure to circumstances or perils which may give rise to injury or loss for a person or organization.

Risk Reduction

The activities proactively undertaken by a person or organization that are intended to minimize exposure to potential injury or loss and any associated liabilities.

Roof

A building system that serves to protect a building by keeping the elements and debris out while also providing a barrier to keep heat in. It is the topmost part of a building.

RPR (see Real Property Report)

RTA (see *Residential Tenancies Act*)

Rules of Court

A set of procedural regulations that govern court proceedings and which are mandatory upon the parties within the court's jurisdiction.

Safety and Security System

A building system that assists in preserving the well-being of a building's occupants and preventing damage to or loss of property.

Sanction (Condominium)

A penalty imposed for violating a condominium bylaw.

Sanction (Professional Conduct Review)

A disciplinary outcome that RECA issues to an industry professional as a result of the industry professional's conduct failing to comply with the *Real Estate Act*, the Rules, the Regulations or the Bylaws.

Schedule

A supplementary form completed and included with the real estate purchase contract for the benefit of a buyer in a real estate transaction.

Schedule of Unit Factors and Unit Areas

A table that includes the legal number for each unit, the number of unit factors assigned to each unit and the approximate floor space of each unit within the condominium.

Scope of Work

Refers to the type and extent of research and analyses performed in an appraisal assignment.

Second Home

A condominium that consists of units that owners and/or occupants visit from time to time as a weekend or vacation destination.

Second Mortgage

A mortgage registered against a property which is already encumbered with a first mortgage, that mortgage having been registered at a date and time that precedes the second mortgage. Also see Equitable Mortgage.

Secondary Mortgage Market

The segment of the mortgage market where the buying and selling of existing mortgages occur. They are often pooled and traded as mortgage backed securities. Also see Mortgage-Backed Securities.

Secret Profit

The receipt of any monetary or non-monetary benefit by an industry professional as a result of a referral which is not disclosed to the client.

Secretary

The individual on the Board of Directors who is responsible for maintaining and preserving the official records of the condominium corporation and Board of Directors (e.g. owner lists, correspondence to unit owners) as well as recording or supervising the recording of the meeting minutes of the Board of Directors and condominium corporation.

Section

A geographic reference for a parcel of land measuring one square mile, containing 640 acres.

Securitization

The process of converting loans or other assets into financial securities which are sold in the capital markets, providing investors with an interest in the pool of loans or assets underlying the security.

Security

A property or properties which has or have been pledged as collateral for a loan.

Security Agreement

An agreement that charges the borrower's personal property identified in the agreement as security for a loan. A lender may take security on personal property in order to enhance the extent of their security for a loan. This may be the case when borrower's real property is insufficient for a lender to proceed with the loan.

Self-Employed Borrower

A borrower who owns/operates his or her own business and must provide alternate forms of documentation (e.g. series of tax returns) to substantiate income levels and other required verifications in place of the traditional forms of income validation (e.g. pay stubs, employment letters).

Self-Management

The process by which the Board of Directors of a condominium carry out the duties related to the operation of the condominium or enlist volunteers from the community or hire staff and/or service providers to perform the duties.

Self-Regulation

Refers to industry professionals collectively working together to support and promote responsible and accountable professional behaviour in a manner that is in the public interest and, therefore, in the best interest of consumers and their own best interests.

Seller

The owner of real estate who is in the process of disposing of his or her property through a sale to a buyer. The property may be for sale through a real estate industry professional or for sale by the owner.

Sellers' Market

A real estate market condition where buyer demand is strong and property supply is weak.

Semi-Attached Condominium

A style of residential condominium consisting of 2 units placed side-by-side that share a common wall

Service Agreement (see Written Service Agreement)**Service Alberta**

A provincial department that has the responsibility for a number of provincial statutes (e.g. *Real Estate Act*, *Condominium Property Act*, *Land Titles Act*, *Residential Tenancies Act*). The department is headed by the Minister of Service Alberta, who is an elected member of the provincial legislature.

Service Fee

Compensation paid to, and disclosed by, an industry professional as a result of providing business services to a client.

Showing

A scheduled appointment for a real estate professional to view a property that is for sale to a prospective buyer.

Simple Interest

A method of calculating the cost of borrowing by applying an interest rate to the principal amount. It does not include interest from previous periods.

Single-Family Condominium

A style of residential condominium that has stand-alone, separate units.

Site

A parcel of land which is improved to the extent that it is ready to be used for its intended purpose.

Site Analysis

The identification and analysis of the characteristics that create, enhance or detract from the utility and marketability of a site.

Site-Built Construction

A construction system in which a building is created by cutting and joining together pieces of lumber on a building site. In site-built construction, all materials and labourers must be transported to the building site.

Skylight

A building system that is similar to a window but is installed in the roof of a building. Skylights may also be referred to as sun tunnels, sun tubes, solar day lighting devices and light tubes.

Slab-On-Grade Foundation

A type of foundation consisting of footings or grade beams and a poured concrete slab.

Sole Ownership

A form of ownership of land/property where only one individual (or company) is registered. Although generally considered absolute ownership, it is still subject to the restrictions imposed by government. The rights of the sole owner may also be impacted by the rights of an untitled spouse. Also see *Dower Act*.

Spatial Information System

The Land Titles online database that allows searches of a wide range of property related documents such as titles, plans, registered interests, historical titles, condominium bylaws. The online system is accessible 7 days a week and is run by Alberta Registries as part of Service Alberta. This online system is often referred to as SPIN.

Special Assessment

A financial obligation in addition to a unit owner's monthly contributions. The portion of the special assessment owed by each unit owner is calculated based on unit factors. Special assessments may be paid as a lump sum or in periodic installments, depending on the payment schedule established by the condominium corporation, by a specific date.

Special Power of Attorney

A Power of Attorney that grants specific or limited powers to the attorney to make decisions or act on behalf of the donor. In Alberta, a Special Power of Attorney is required in order for an individual to be able to handle real property transactions on behalf of another. Also see Power of Attorney.

Special Resolution

A resolution for which a vote is conducted and a unit owner's proportional share of unit factors establishes the weight assigned to his or her vote. A majority consists of 75% of all individuals entitled to vote as long as no less than 7,500 unit factors are being represented.

Special Tax

A levy imposed by a municipality on property owners to fund construction of a project that will benefit a defined area.

Specific Authority

Limited power given to an agent by a principal to provide one specific service or limited range of specific services on the principal's behalf.

Specific Performance

The party in breach of the contract can be compelled by the court to carry out the promise, especially where damages for the breach are inadequate. It is a discretionary remedy, which the court may or may not grant depending upon the circumstances. However, the court would not grant specific performance where it would be unfair or unjust to do so.

SPIN (see Spatial Information System)

Standard of Care

A legal concept that establishes the attention and caution that a reasonable and prudent person would exercise under a particular set of circumstances.

Standards of Practice

Refers to the minimum requirements for industry professionals' conduct and include the responsibilities and prohibitions that they must comply with as established in the *Real Estate Act* Rules.

Statement of Claim

A printed or written statement by the plaintiff which commences the legal proceedings and shows the facts relied on to support any claim against the defendant and the remedy of relief sought.

Statement of Defence

A brief, written statement by the defendant affirming or denying certain matters of fact in the statement of claim. Also see Statement of Claim.

Statute Law

The accumulated legislation and regulations within a jurisdiction that are enacted by the various levels of government (i.e. municipal, provincial, federal).

Statute of Frauds

A common law concept requiring that certain contracts be in writing and be signed by all parties who will be bound by that contract.

Strata

The term used in British Columbia for a condominium. In Alberta, strata refers to the volumetric space located below, above or below and above the surface of land or occupied by a structure that is shown on a Strata Space Plan.

Strata Plan

A plan defining the boundaries and subdividing volumetric space into strata (layered) space that may be registered at the land Titles Office. This space is typically over alleyways and buildings.

Straw Buyer

A person who is paid by a fraudster to act on behalf of the fraudster, and whose name and credit are used for processing mortgage applications and title transfers.

Subsidy

A benefit given by the government to groups or individuals usually in the form of a cash payment or tax reduction. The subsidy is usually given to remove some type of burden and is often considered to be in the interest of the public.

Substantial Completion

When a property has been developed to the point that it can be used for its intended purpose.

Substantial Interest

Ownership interest in real estate of more than 25%.

Suitability

A requirement in the authorization process that RECA's Executive Director undertakes to assess an individual's character and to determine if it is in the public's interest that the individual be issued a licence to trade in real estate, deal in mortgages or provide real estate appraisal services.

Suitability Review

A request made by an applicant for licensing to have the Executive Director of RECA determine and provide an opinion as to whether certain situations from the applicant's past may affect his or her ability to be licensed.

Supporting Documents

The information and communications provided to the lender by the borrower, and/or other parties, concerning verification of the borrower's identity, employment, equity and property details. Retained copies of the supporting documentation form part of the loan

file. If legibility or authenticity is a concern, best efforts must be made to view original supporting documents.

Surface Rights

The rights to the physical ground, the air space above the ground, and any materials from the top layer of land that can be excavated, as sand or gravel, but does not typically include rights to minerals beneath the land.

Supporting Documents

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Survey Plans

An illustrative plan used to layout most municipal land and some acreage subdivisions. The land is surveyed, subdivided and registered at Land Titles in accordance with the *Municipal Government Act*. The legal description of these lands changes to a legal land description that includes the plan, block and lot number.

Surveying

The technique and science of accurately determining and recording the measurements of boundaries and elevations of land or structures.

Syndicated Mortgage

A mortgage in which 2 or more people participate, directly or indirectly, as lenders in a debt obligation that is secured by a mortgage.

Tax Credit

An amount of money that a taxpayer is able to subtract from the amount of tax that they owe to the government. The value of a tax credit depends on what the credit is being provided for, and certain types of tax credits are granted to individuals or businesses in specific locations, classifications or industries.

Tax Deduction

A deduction from gross income that arises due to various types of expenses incurred by a taxpayer. Tax deductions are removed from taxable income and thus lower the individual's overall tax liability.

Tax Rate

A rate that represents the percentage of assessed value at which a property is taxed in a particular municipality. Also see Mill Rate.

TDS Ratio (see Total Debt Service Ratio)

Tenancy Agreement

A written agreement between an owner (landlord) and a tenant under which the owner allows the tenant the right of exclusive use of the property for a specified time, rent and terms. Also see Landlord and Tenant.

Tenant

A person or organization that contracts with a landlord to occupy a specific space for a defined period of time according to the terms of a lease. Also see Landlord and Lease Agreement.

Tenants in Common

A form of ownership of land/property that involves two or more land owners with no right of survivorship by any owner. Therefore, each owner may will his or her share of the land/property to another party.

Term

A contractual detail that represents points of agreement between the contracting parties (e.g. inclusions, exclusions, date contract takes effect, length of the contract).

Terms of Trust

The written requirements that govern how money in a brokerage trust account is to be received, held and disbursed as agreed to by the parties to the transaction.

Third Party

A party that is legally affected by a real estate or mortgage transaction but not directly involved in it.

Time Share

A form of property ownership in which multiple parties hold similar rights and each party is allotted a time period during which they may have exclusive use of the property. These properties may be either purchased, whereby the use of the property lasts until the interest is sold, or leased, whereby the use of the property only lasts for a certain number of years.

Title

A document that records the information about the land, such as the legal land description, municipal jurisdiction, ownership and registered interests. The Land Titles Office no longer issues a paper Certificate of Title, but a paper copy may be available from any Registry Agent in Alberta. An electronic copy is available on the Spatial Information System (SPIN) operated by Alberta Registries, Service Alberta. Also see SPIN.

Title Insurance

A contractual arrangement that indemnifies the insured against loss or damage resulting from title defects, some non-title issues relating to the ownership of real property, or the enforcement of liens that exist against it. Different title insurance policies exist for lenders and property owners. Title insurance is more common in residential real estate, although commercial policies are also available.

Title Number

A unique number assigned to a Certificate of Title at the time a property is registered by Alberta Land Titles. Also see Certificate of Title.

Title Search

A review of all registered encumbrances relating to a specific parcel of land to determine the present condition of title.

Titled Parking Stall

A parking stall that has its own Certificate of Title and therefore is a unit unto itself. Titled parking stalls are held in fee simple ownership by the individual who is registered on the title. These parking stalls are depicted on the Condominium Plan using solid, bolded lines.

Titled Storage Area

A storage area that has its own Certificate of Title and therefore is a unit unto itself. Titled storage areas are held in fee simple ownership by the individual who is registered on the title. These storage areas are depicted on the Condominium Plan using solid, bolded lines.

Torrens System

A system for recording land title transactions and interests in land, as prescribed in the *Land Titles Act*. It includes three supporting principles: the current title accurately reflects the facts about the property (i.e. Mirror Principle); the current title has all the information about the property (i.e. Current Principle); and the provincial government guarantees the accuracy of the title (i.e. Insurance Principle). This system improved on previous land title systems by facilitating land transactions and providing security of title, thus eliminating time-consuming and costly searches for an accurate chain of title for each transaction.

Total Debt Service Ratio

A measure used by lenders to assess a borrower's ability to carry the debt load for a mortgage. The TDS ratio is calculated as a percentage of the borrower's gross annual income relative to his or her total debt payments (GDS payments plus any other debts). Also see Gross Debt Service Ratio.

Townhouse Condominium

A style of residential condominium consisting of multi-story units attached on 1-3 sides. Each unit typically has its own private entrance.

Trade (see Trading)**Trading**

Describes the activities relating to the provision of services for buying, selling, leasing or managing real estate (including but not limited to advertising, solicitation and negotiation). In order to trade in real estate, individuals require an authorization from RECA, unless they are exempt pursuant to the *Real Estate Act* or the *Real Estate Act Exemption Regulation*.

Transaction Brokerage

A means to resolve a conflict of interest that occurs in transactions when a brokerage practising agency under the common law or a real estate professional in designated agency represents clients with opposing interests in the same transaction.

Transaction Facilitator

A real estate professional who has been engaged by the clients under a transaction brokerage agreement to provide facilitation services to clients in the same trade.

Transfer of Land

The process of transferring an interest in land from one owner to another owner.

Transfer of Mortgage

The process of transferring a mortgage from the current lender to another lender. Also see Mortgage.

Trust Account

An account separate and apart from one's personal monies, as required by law. In the real estate and mortgage brokerage industry, trust accounts are subject to Practice Reviews that are conducted by Trust Assurance and Practice Review Officers of RECA.

Trust Assurance and Practice Review

A review and examination of a brokerage's system records and activities to ensure compliance with statutory obligations under the *Real Estate Act* and to recommend any needed changes in control, policy, and procedures.

Trust Assurance and Practice Review Officer

The person who is responsible for carrying out the duties of RECA's Trust Assurance and Practice Review process according to the legislative requirements of the *Real Estate Act*.

Trust Fund

Money held in an account by one individual or company on behalf of another individual or company.

Trustee

A person who has been appointed by way of a legal agreement to hold assets such as cash, investments or real property for the benefit of one or more persons.

Umbrella Mortgage (see Wraparound Mortgage)

Unattached Goods

The movable items not securely affixed to the land or buildings, such as furnishings and appliances that are not considered part of the real estate. Also see Chattels.

Unaudited Financial Statement

A financial statement that has not been reviewed by an auditor and does not possess any third-party assurances regarding the accuracy of the data it contains.

Underground Storage Tank

A tank used by a service station, car dealership, taxi company, bus line, research facility, farm or other organization to store various products including gasoline, diesel fuel, oil and other chemicals beneath the surface of the ground.

Underwrite

The analysis of risk undertaken by mortgage lenders and mortgage insurers to establish whether to grant the mortgage loan or issue the mortgage insurance.

Underwriter

An individual employed by a lender or insurer who is responsible for verifying the mortgage application information and supporting documentation, making a risk assessment of the applicant(s) and the property, and approving or declining the mortgage based on this assessment.

Uniform Standards of Professional Appraisal Practice

A generally accepted and recognized standard of appraisal practice for real property valuation analysis adopted in the United States and certain Canadian appraisal associations and organizations.

Unilateral Contract

A contract where only one party makes an obligation to perform an act or promise without receiving in return any express promise for performance from the other party.

Unit

A physical space within a structure or parcel of land that is individually owned within a condominium.

Unit Boundaries

The dimensions of a unit in a condominium that are stated in the Condominium Plan. If the unit boundaries are described in 2-dimensions (length & width), it is a bare land condominium. If the unit boundaries are described in 3-dimensions (height, length & width), it is either a conventional condominium or barely blended condominium. Also see Condominium Plan.

Unit Factor

The portion of financial responsibility assigned to each unit owner for their share of the common property. The total sum of all unit factors for a condominium in Alberta must equal 10,000.

Unit Owner

An individual or corporation who owns a unit in a condominium.

Unit Title

A document that records the information about the land, such as the legal land description, municipal jurisdiction, ownership and registered interests. The Land Titles Office no longer issues a paper Certificate of Title, but a paper copy may be available from any Registry Agent in Alberta. An electronic copy is available on the Spatial Information System (SPIN) operated by Alberta Registries, Service Alberta. Also see SPIN.

USPAP (see Uniform Standards of Professional Appraisal Practice)

Utility

The utility of a property is its usefulness to a buyer and how efficient that land use is.

Vacancy Rate

Represents the number of available units not occupied to the total number of units available in a building or the amount of rentable space to the total space available.

Valid

An agreement that contains all the essential elements of a contract that is legally binding and enforceable by the courts.

Valuation

The process whereby the value of property is estimated or determined through various means. This term is synonymous with evaluation.

Value

The quantity of one thing which can be obtained in exchange for another: the ratio of exchange of one commodity for another, e.g., one bushel of wheat in terms of a given number of bushels of corn; thus, the value of one thing may be expressed in terms of another. Money is the common denominator by which real property value is usually measured. It is the power of acquiring commodities in exchange, generally with a comparison of the utility of the commodity (property) acquired in the exchange.

Variable Rate Mortgage

A mortgage where the interest rate is periodically adjusted based on the prime lending rate typically set by the lender. When an interest rate change occurs payments may be increased or decreased.

Vendor

The party who is selling real property (i.e. real estate) or personal property (i.e. chattels) that he or she owns. Also see Seller, Real Property, Personal Property and Chattels.

Vendor Take-Back Mortgage

A mortgage that a seller of a property takes back or carries for the buyer as part of the purchase price for that property. Also see Mortgage.

Ventilation System

A building system that provides a supply of fresh, good quality air and controls moisture within a building.

Visitor Parking Stall

A parking stall that is part of the common property and therefore owned collectively by the condominium corporation. These stalls are used by individuals who do not reside in or operate from a unit in the condominium.

Void

A contract that is not valid or legally binding.

Voidable

A contract that may be treated as legally unenforceable at the option of one of the parties.

Voluntary Broker Resolution Process

A process that enables brokers to take the lead in resolving consumer complaints and disputes prior to or in lieu of a formal Professional Conduct Review being initiated by RECA and/or the commencement of civil proceedings through the courts.

VRM (see Variable Rate Mortgage)

Wall

A building system consisting of solid, vertical surfaces that enclose and/or divide a building.

Will

A written contract by which a person instructs how his or her estate should be distributed upon the person's death.

Window

A building system consisting of an opening within an interior and/or exterior wall to allow for the passage of air, light, people and other matter. Windows are typically smaller in size than doors but this can vary depending on the building's design and use.

Witness

Refers to a person who is present at the signing of a document and signs it to confirm the document's authenticity and legality.

Wraparound Mortgage

A special arrangement by which one document encompasses one or more existing mortgages registered on the same property. Also see Mortgage.

Writ of Execution

A written directive from the court issued against a property title when a claimant successfully sues a debtor resulting in a judgment in the claimant's favour. The Writ relates to the carrying out of this judgment.

Written Service Agreement

A contract in writing that establishes the relationship between the parties as to the services and obligations to be performed by an industry professional. Written service agreements are required in residential real estate when a real estate professional is working with a consumer as a client. Also see Contract.

Zoning (see Municipal Land Use Bylaws)

General rules applicable to all land use classifications in a municipality (e.g. Residential, Commercial, Industrial and Special district classifications).