

## **Glossary of Exam Terms**

ABSTRACT OF TITLE - a written summary of the chain of title.

ACCELERATION CLAUSE - any clause in a loan requiring the loan be paid off upon the occurrence of a certain event. An alienation clause is an example of an acceleration clause.

ACCESSION - the acquisition of property by its being added to other property.

ACCRETION - the process of gradual or imperceptible additions to land bordering a river or stream.

ACKNOWLEDGMENT - the declaration before a notary by a person who executed a document stating that he did in fact sign the document. A deed must be acknowledged to be recorded. Once acknowledged, it is accepted as prima facie evidence in court.

ACRE - 43,560 square feet, or 4,840 square yards, or about 209 feet by 209 feet (if square).

ACTUAL AUTHORITY - the authority that a principal actually confers on the agent.

ACTUAL GAIN (profit) - for income tax purposes, it is determined by subtracting the adjusted cost basis from the exchange value of a property.

ACTUAL NOTICE - when a person actually knows something, such as when an agent knows someone has taken possession of a property.

AD VALOREM (according to value) - a property tax is an ad valorem tax.

ADJUSTED COST BASIS - for income tax purposes, it is the cost basis plus capital improvements, plus existing assessment liens assumed by the buyer, minus depreciation, minus gain(s) deferred from prior transactions.

ADJUSTED SELLING PRICE - for income tax purposes, it is the selling price minus the expenses of the sale.

ADVERSE POSSESSION - acquiring title by five years of exclusive, notorious, and open possession of a property (contrary to the best interests of the true owner) under a claim of right or color of title. When property is acquired by adverse possession, a quiet title action would be used to perfect title.

AGENCY - an agent is a person authorized to represent a principal in business dealings with other parties. Paying consideration is not required to create an agency relationship.

AGENCY DISCLOSURE LAW - as of January 1, 1988, the California Agency Disclosure Law requires agents to disclose agency relationships as soon as their relationship with a buyer or seller becomes more than casual. This applies to transactions concerning the sale, or a lease (for more than one year), of four or less residential units. The three steps to agency disclosure are disclose, elect, and confirm.

ALIENATE - to sell, transfer or convey. Both real and personal property may be alienated.

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## **Glossary of Numbers used on the Exam**

### Times / Dates:

18 hours - consumer protection courses must be included within the 45 hours of continuing education requirement.

3 Days - after delivery of TDS in person to buyer, for buyer to terminate his offer in writing.

3 Business Days - after loan documents signed, Truth-in-lending right to rescind.

5 Days - after delivery of TDS by mailing to buyer, for buyer to terminate his offer in writing.

5 Days - for a new employing broker to notify the Commissioner of a salesperson's arrival.

5 Days - before a trustee sale, the trustor loses the right of reinstatement.

1 Week - after closing, the broker/escrow must record trust deed.

10 Days - to post and record a Notice of Nonresponsibility.

10 Days - for an old employing broker to notify the Commissioner of a salesperson's departure.

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