

Keyspire[®]

Bootcamp

Learning & Reference Guide



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The case studies provided are from our speakers and trainers, as well as from some of our coaching students who have shared their success with us.

Important Information

“

CHANGE happens when
YOU are dissatisfied with
the way things are at
present to the point where
you **must act**

”

Success Leaves Clues...

Welcome to our Learn to Earn with Real Estate bootcamp! We are proud of you for taking the step of walking through the door, prepared to learn what it takes to be successful in real estate.

To get the most out of this bootcamp, participate! This is the most valuable advice we can give you. Our learning systems are designed to include you, and the more you participate in this bootcamp, the more prepared you will be when applying the principles in the field.

Focus on your goals and objectives. During every session, constantly ask yourself “how can I apply this to me, to my personal goals, and to my business goals?”

Make the most of the breaks. Ask questions in the Q&A section to our Keyspire Team that consists of highly experienced investors. Take advantage of this time with the Team to learn from them.

We know you will enjoy hearing from our amazing Trainers; they are the best in the business. This bootcamp is your launching pad, so settle in and prepare to take your real estate investing to the next level.



Let's Go

A word from our founders

Top 10 Strategies to Win in Real Estate:

- 1. Effective ways to access capital and creative financing for optimum growth**
- 2. The right business tools for success**
- 3. Asset evaluation and using leverage safely**
- 4. Multiple investing strategies and techniques including:**
 - Flipping to investors and homebuyers for quick cash
 - *Flip to Yourself*TM for fast growth
 - Buy, hold, and rent for long-term wealth
 - Private lending and mortgage investing to earn passive income
 - Private equity investing and working with developers in land development
- 5. The art of negotiating a great deal**
- 6. Profitable Rehabs and Renovation Concepts**
- 7. Property Management Strategies**
- 8. Leverage a power team and network for the best results**
- 9. Ownership structure for protection and tax relief**
- 10. Benefits of Joint Venture Investments and Using Other People's Money (OPM)**

And much, much more...

Your Agenda

What you will learn this weekend

Scott McGillivray and **Michael Sarracini** got their start as broke university students living in a rented house. Then they had a brilliantly simple idea: better to collect rent than pay it.

They talked with every real estate professional they could and gained the knowledge and confidence to take the first step. After doing a detailed analysis and raising money from multiple sources, they bought their first house and quickly rented it to fellow students.

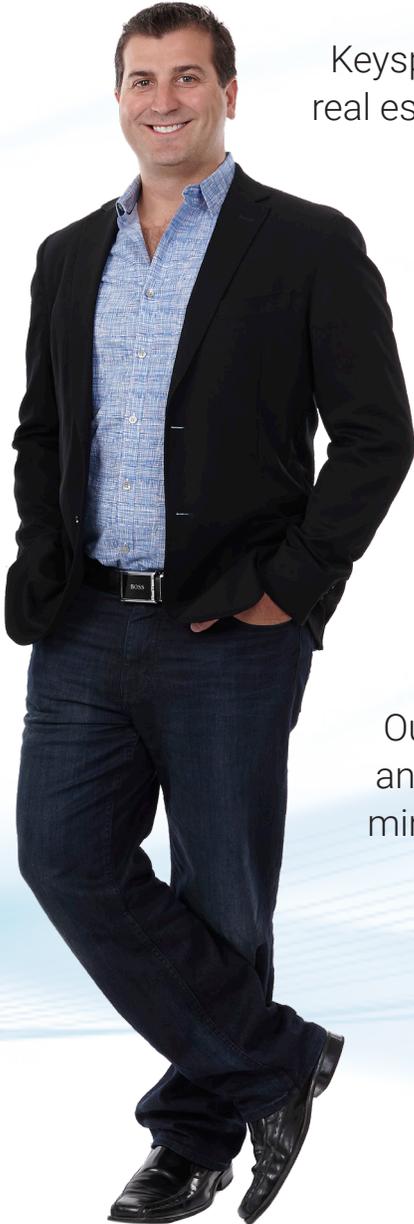
Realizing there was a great demand, they looked at another property on the next street a few days later. Buying two houses in the first year seemed ambitious, but they had a goal and a strong business model to achieve it. Over the next few years, they went on to buy many homes, tweaking the process until it was perfected.

Scott McGillivray
Co-founder, Host of HGTV's Income Property



What do these guys know that you don't?

By keeping an investing journal, they documented every success, failure, and insight, revising and polishing their system until that journal became a book series. Over time, they started to educate people from all walks of life through seminars, bootcamps, and the hit show HGTV's Income Property.



Keyspire was created to empower others to build wealth through real estate investing with the knowledge Scott and Michael have gained. Keyspire members receive end-to-end support including the knowledge and tools needed to become a real estate investor.

Our members learn Keyspire's proven straightforward system and are part of a dynamic and engaging community of like-minded investors.

Michael Sarracini
Co-founder, CEO of Keyspire®

You're about to find out!

1. Accept your “Aha’s”.

Tune into those flashes that only you receive. They’re often out of context. Who cares? They are yours. Write them down in the moment. Later, act on them. These are intuitive. Any one of them can make a positive difference in your performance, your effectiveness, your results, and your personal payoffs.

2. Remember – it’s not over when it’s over.

The true training begins when you leave the bootcamp. It starts when you practice in the real world. You see, in the safe setting of the learning environment you gain insights intellectually. In the world of objective reality you integrate your findings emotionally. It is there that you become the owner of each nugget of wisdom. And – it won’t be effortless. It takes practice and repetition, adaptation to your circumstances, your personality, and your objectives. You may fall down once in awhile on your way to mastery. So what, it happens to everyone. What matters is that you do not stop until you have captured all the possibilities. Just as you squeeze all the sweet juice out of the orange, squeeze every drop of value for yourself out of this event.

3. Send a thank you note to whomever arranged for your participation and tuition or simply supported your initiative.

Include the highlights of your “ideas-actions-results” commitments. Let them know that they will be paid back tenfold for their investment (time and money) in you. As a consequence, you find it easier to induce them to support your presence in future training, resources, and support that you feel may help you.

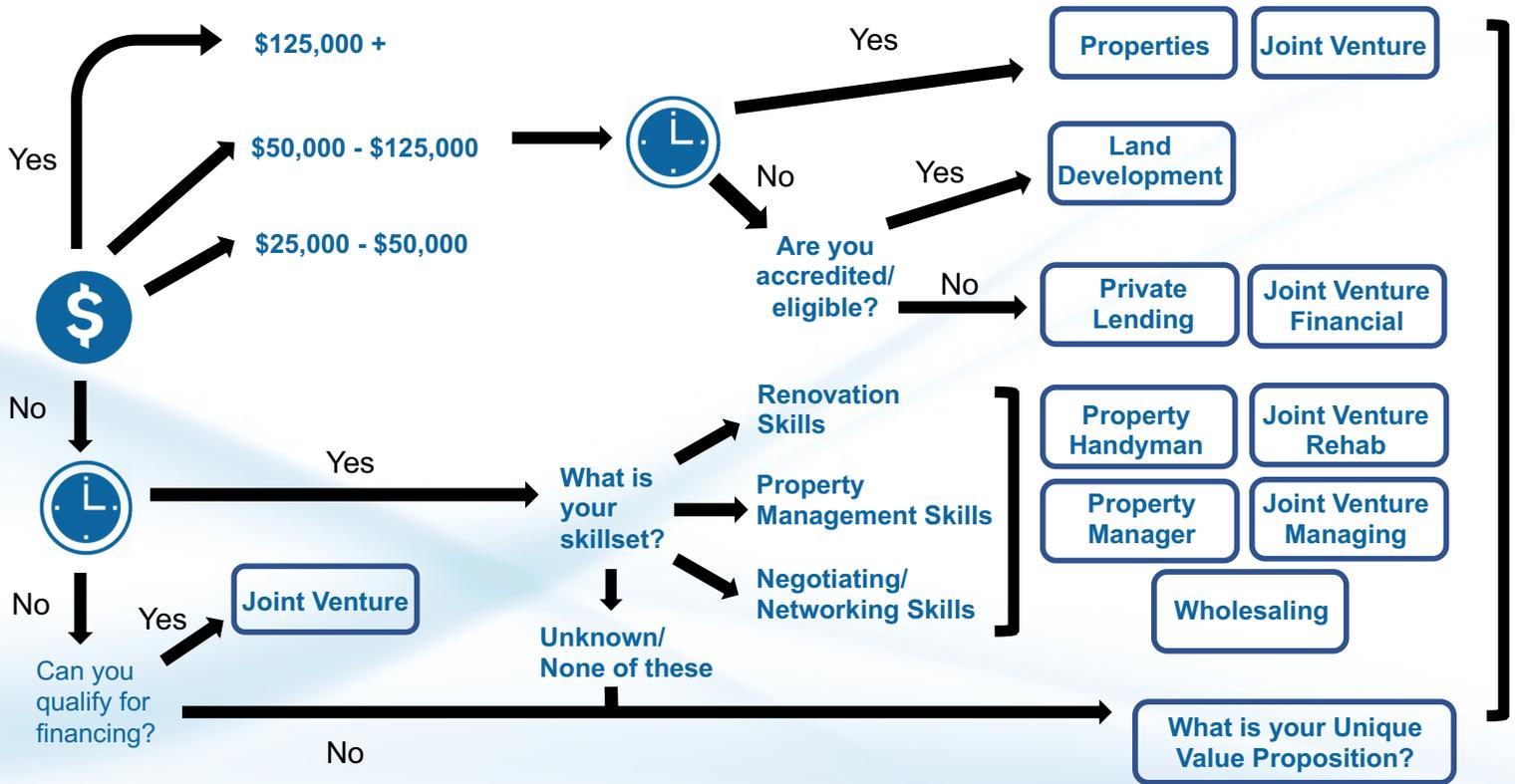
Three Ways To Get Extra Value

“

*This may not
be easy... but,
it's worth it*

”

Success Leaves Clues...



Determine Your Investor Profile

The starting point

Consumer / Contributor

APATHETIC / UNFOCUSED
CLOSED-MINDED / EMOTIONAL
OVER-ANALYTICAL
SEE WHAT EVERYONE ELSE DOES
INDECISIVE / FOLLOWER
PROCRASTINATOR
DOES IT THEMSELVES
IMPATIENT / BLAME-ORIENTED
RESISTS CHANGE / REACTIVE
UNPREPARED / FEARFUL
SELF-CENTERED
NEGATIVE

Investor / Creator

PASSIONATE / FOCUSED
OPEN-MINDED / LOGICAL
ANALYTICAL
SEES THINGS DIFFERENTLY
DECISIVE / LEADER
ACTION TAKER
COLLABORATIVE
PATIENT / ACCOUNTABLE
EMBRACES CHANGE / PRO-ACTIVE
FEARLESS (BUT NOT RECKLESS)
GIVE BACK
POSITIVE

Which Are You?

“

*When is YOUR
Lifestyle
Freedom Day?*

”

Choose a Date, NOW!

The 4 Ways to Win™

\$ %

Cash Flow - Amount of free cash available at the end of the year	?	?
Passive Appreciation - Increase in property value driven by external market forces	?	?
Principal Recapture - Portion of mortgage payment allocated to principal balance payoff	?	?
Active Appreciation - Increase in value driven by the property owner	?	?
Total Return on Investment	?	?

Other Formulas

$$\text{Total ROI} = \frac{\text{CF} + \text{PR} + \text{PA} + \text{AA}}{\text{CI}}$$

$$\text{GOI} = \text{GSI} - 5\% \text{ vacancy allowance}$$

$$\text{GOE} = \text{Property Tax} + \text{Utilities} + \text{Condo/HOA Fees} + \text{R\&M} + (\text{all other operating costs})$$

GSI Gross Scheduled Income: *The amount of income the property is scheduled to collect as per the rental agreement.*

GOI Gross Operating Income: *The GSI minus 5% for vacancy allowance.*

GOE Gross Operating Expense: *The sum of all expenses associated with operating the property. Does not include any debt payments.*

DS Debt Service: *The payments made to service all debt on the property. DS payments include both principle and interest.*

OC Opportunity Cost: *The return forgone by choosing one investment over another investment.*

R&M Repair and Maintenance: *An estimated amount set aside to repair the property during the year. 5% of GOI is used as a general standard.*

CF Cash Flow: *The amount of free cash available at the end of the year.*

PR Principal Recapture: *The portion of a mortgage payment that is allocated to principal balance payoff.*

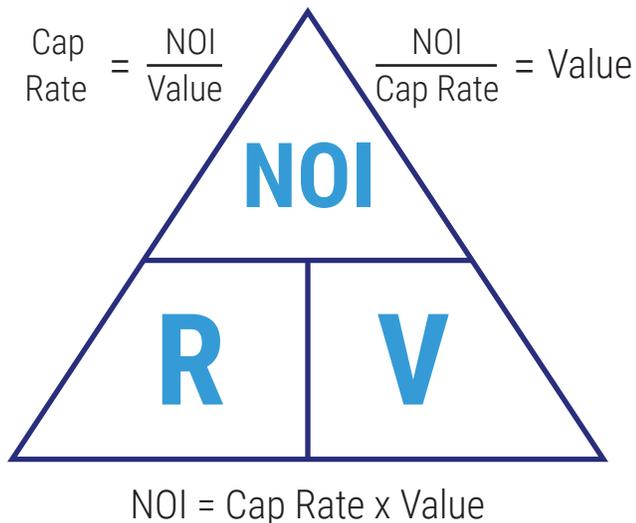
PA Passive Appreciation: *The increase in property value driven by external market forces.*

AA Active Appreciation: *The increase in value driven by the property owner.*

Keyspire Calculations

Formulas for your success

Income & Value

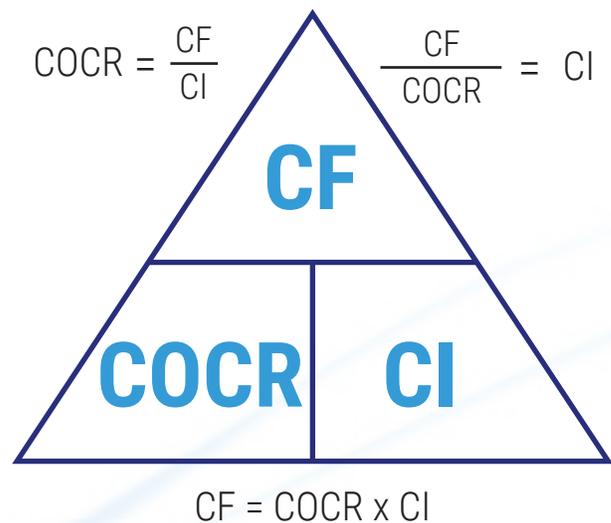


Net Operating Income (NOI) is the Gross Operating income (GOI) minus the Gross Operating Expenses (GOE).

Market Cap Rate (R) is the capitalization rate that your income producing property is bought and sold at. Cap rate is set by the market and is different for every market.

Value (V) is the market value of a property.

Cashflow & Return



Cash Flow (CF) is equal to NOI minus all debt service payments.

Cash-on-Cash Return (COCR) measures the actual return realized on your **Cash Invested (CI)**. This is often compared against the “Opportunity Cost” of the cash.

Cash Invested (CI) is the amount of cash that actually comes from your resources. This does not include any borrowed money.

Keyspire Calculations

Formulas for your success

Flip To Yourself™

Use the same downpayment over and over, get paid upfront, and still control the asset

Passive Formula

$$\text{ROI} = \frac{\text{CF} + \text{PA} + \text{PR}}{\text{DP} + \text{CLC} + \text{RF}}$$

$$\text{Available Capital} = (\text{New MV} \times 80\% \text{ LTV}) - \text{New Principle \$} - \text{RF}$$

Active Formula

$$\text{AA ROI} = \frac{\text{ARV} - \text{PP} - \text{CLC} - \text{CRC} - \text{RF}}{\text{DP} + \text{CLC} + \text{RC} + \text{CRC} + \text{RF}}$$

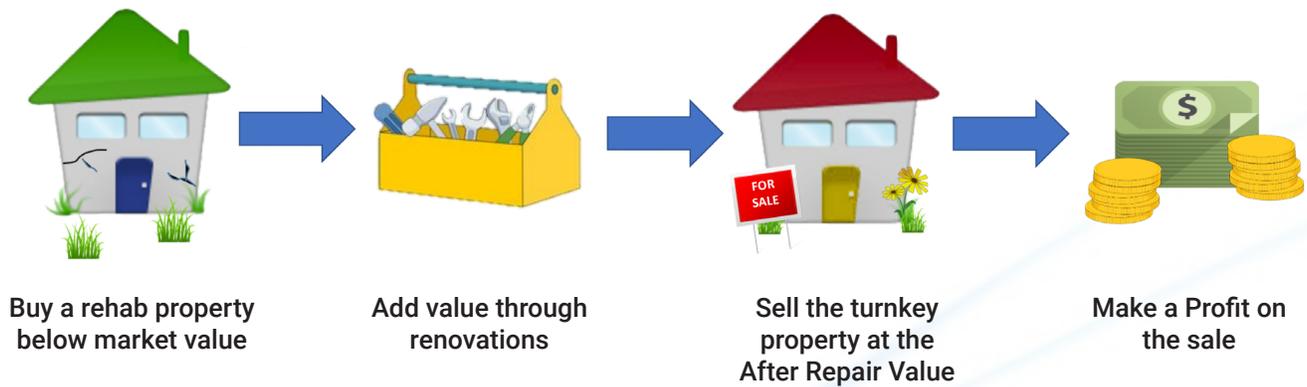
-
- ROI** Return On Investment: Calculation used to evaluate the performance of an investment.
- CF** Cash Flow: The amount of free cash available at the end of the year.
- PA** Passive Appreciation: The increase in property value driven by external market forces.
- PR** Principle Recapture: The portion of a mortgage that is allocated to principle balance payoff.
- DP** Downpayment: The upfront partial payment required by a lender.
- CLC** Closing Costs: The costs to close a transaction. i.e. legal, inspection, land transfer fees, etc.
- RF** Refinance Fee: The costs to refinance an existing mortgage. i.e. legal, registration, prepayment fees, etc.
- MV** Market Value: The value of the asset in the current market.
- LTV** Loan-To-Value: The percentage a lender will loan against the market value.
- AA** Active Appreciation: The increase in value driven by the property owner.
- ARV** After Repair Value: The new market value based on completed renovations.
- PP** Purchase Price: The amount paid for the property.
- RC** Renovation Costs: The costs paid to renovate the property.
- CRC** Carry Costs: The costs payable from the purchase date to refinance or sale date. i.e. taxes, utilities, etc.

Keyspire Calculations

Formulas for your success

Flipping 101 - The Basics

Flipping Concept: Buy a house and sell it to a homebuyer or investor in a relatively short period of time.



Three Main Ways to Make Money Flipping Houses

1. Flip to an investor on a wholesale level
2. Flip to a homebuyer on a retail level
3. *Flip to YourselfTM* and rent out the property as a buy and hold (advanced)

The Players

The Motivated Seller who will sell at a discounted rate

The Buyer: Investor (takes over the contract for “consideration”) who fixes up the house and sells to the retail buyer or finds a tenant for cash flow.

The Buyer: Homebuyer (willing to pay retail for a move-in house)

The Buyer: You (see *Flip to YourselfTM*)

Flipping Overview

Determining the right strategy

Shortcut Formulas

When you need to run the numbers quickly to see if an opportunity warrants further attention

Determine the MAO (rehab flip)

$ARV \times .80 = MPP$

$MPP - RC = \text{New MPP}$

$\text{New MPP} - CRC - CLC = MAO$

Determine the Minimum Rent Required (Rule of 1%, .6%)

$PP \times 1\% = \text{Minimum Rent Required (to generate cash flow)}$

$PP \times .6\% = \text{Minimum Rent Required (to cover mortgage, insurance, taxes)}$

$\text{Rent} / .01 = \text{Maximum Purchase Price (to generate cash flow)}$

$\text{Rent} / .006 = \text{Maximum Purchase Price (to cover mortgage, insurance, taxes)}$

ARV After Repair Value: *The new market value based on completed renovations.*

MPP Maximum Purchase Price: *An amount used to calculate the MAO.*

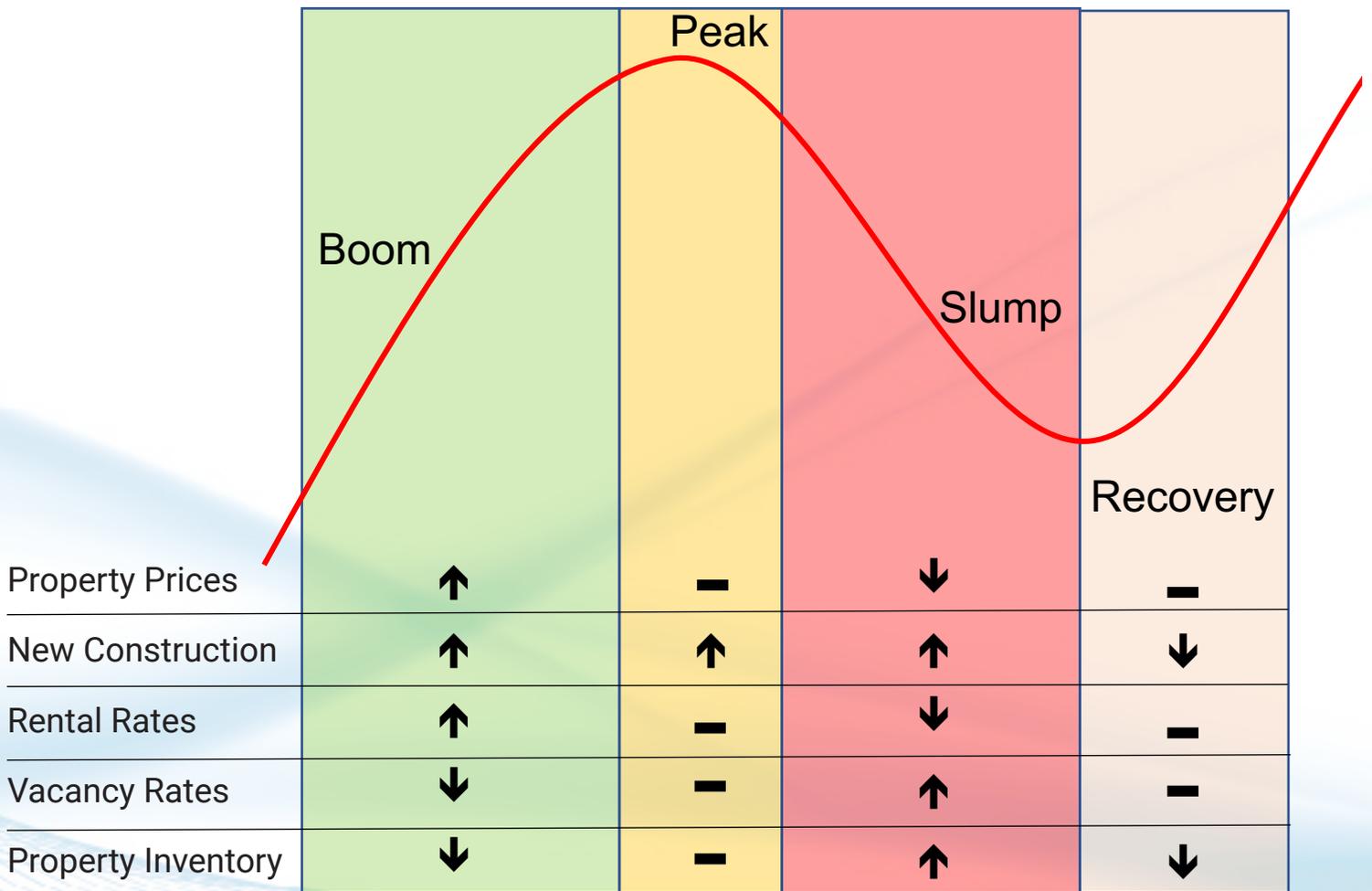
CRC Carry Costs: *The costs payable from the purchase date to refinance or sale date. i.e. taxes, utilities, etc.*

CLC Closing Costs: *The costs to close a transaction. i.e. legal, inspection, land transfer fees, etc.*

MAO Maximum Allowable Offer: *The maximum amount payable to cover costs and the established profit.*

PP Purchase Price: *The amount paid for the property.*

Keyspire Calculations
Formulas for your success



Invest Where Returns Are Best™

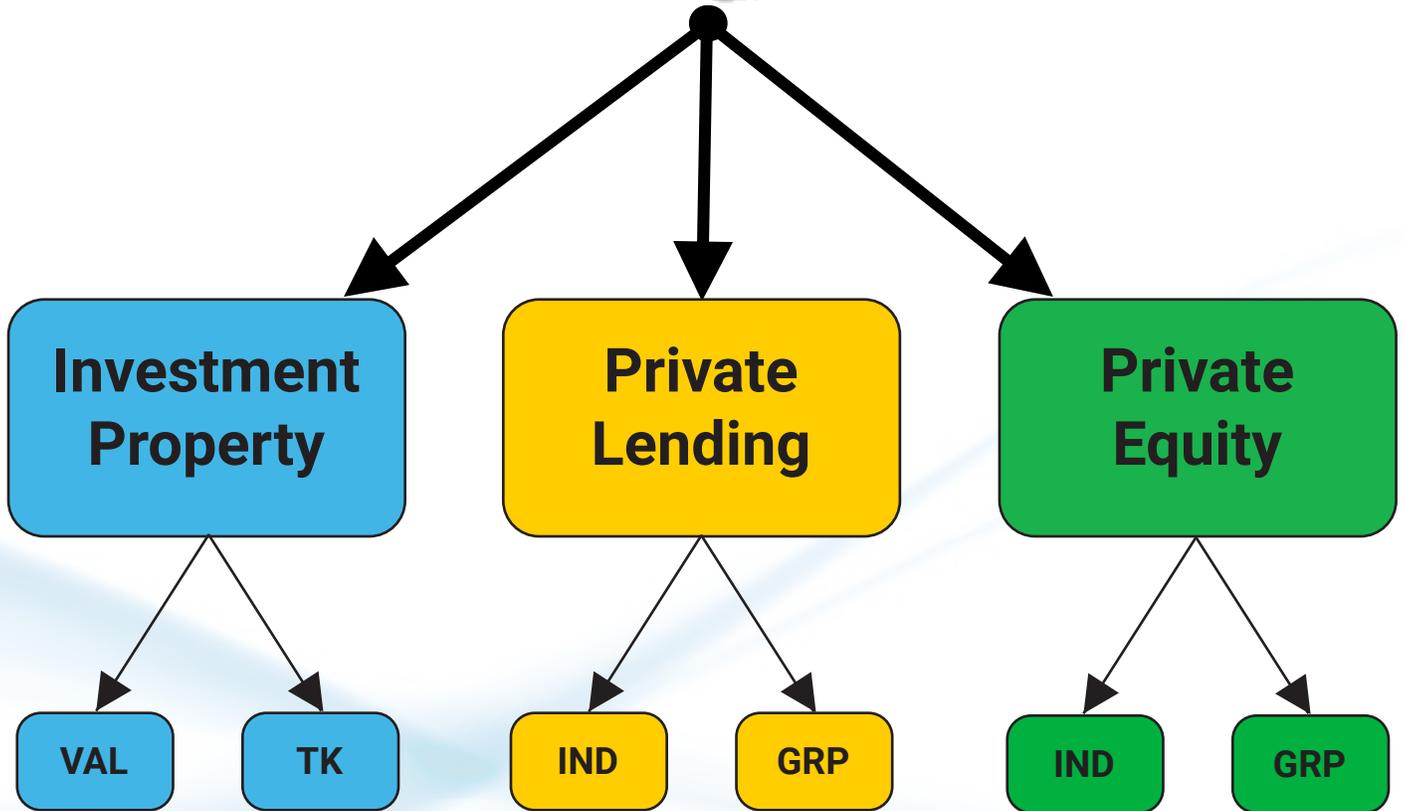
Market Cycles

“

*Money moves
or it dies*

”

Success Leaves Clues...



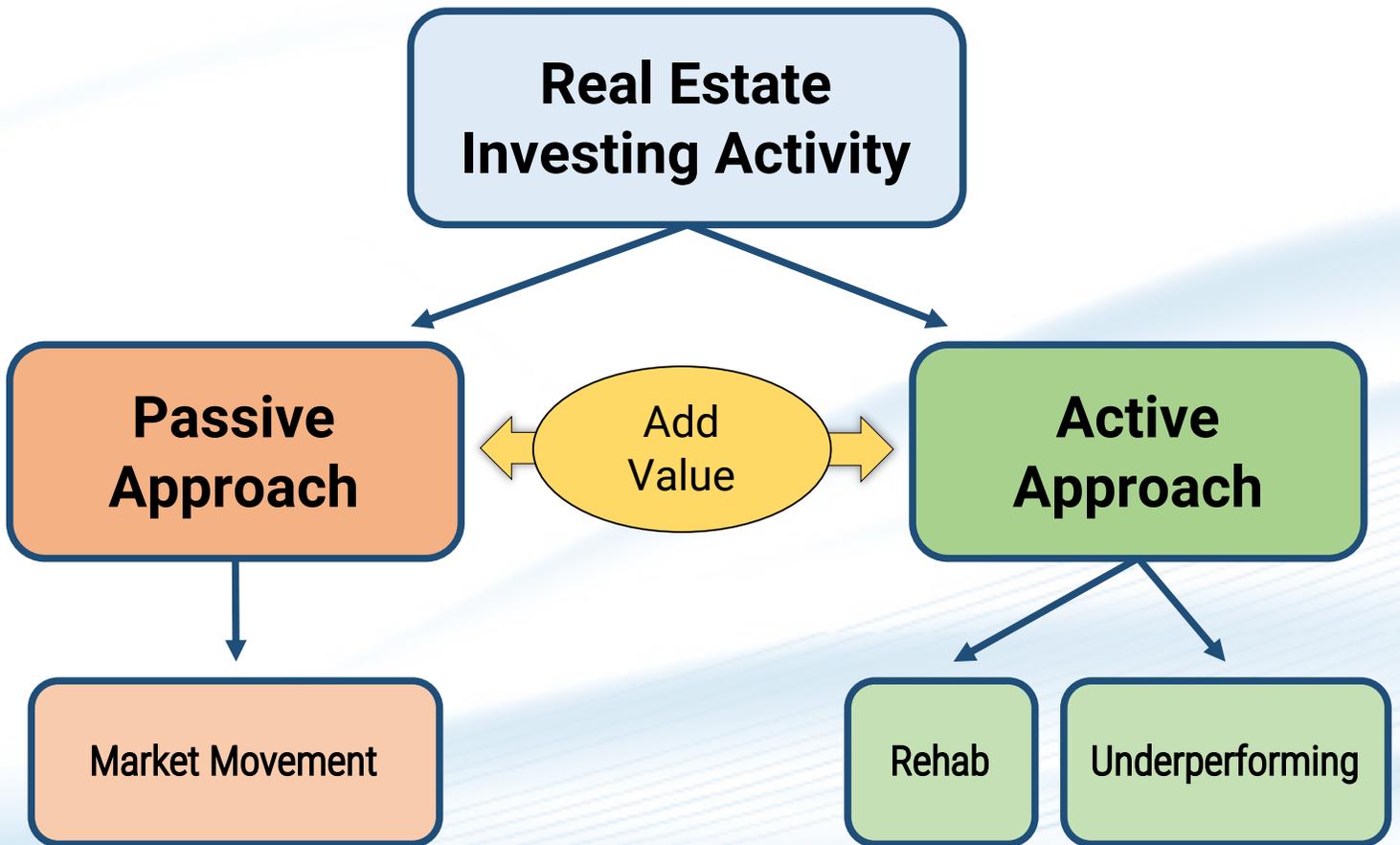
VAL Value Added: Major or minor renovations. Adding value can also come from creating business efficiencies.

TK Turnkey: Move-in condition with profit potential from change of use, discounted price.

IND Individual: Registered and non-registered sources.

GRP Group: Registered and non-registered sources.

The 3 Investing Streams™ and 6 Investing Options



Flip to Yourself™
Identify Your Strategy

Steps to Generate Cash Flow

Take care not to overextend yourself. Make sure you fall in love with the numbers (not the property).

- **Expand Your Success Team**
- **Identify an Income Property**
- **Assess The Local Rental Market**
- **Determine Profitability and Cash Flow**
- **Consider equity build-up, passive and active appreciation**
- **Consider Future Potential**
- **Consider Different Renovation Options**
- **Be Creative (create value: additional floor, suite, change use)**
- **Make Offers (be ready for rejection)**
- **Finds The Right Tenant (keep them happy, avoid problem tenants)**
- **Tenant Move-in Process / Move Out Inspection**
- **Ongoing Evaluation**
- **Consider Peak Market Refinancing**

Buy and Hold
Cash Flow for Life

Total Portfolio \$ _____

Now let's break it down...

Placement

Cash:____% \$ _____
Public Market:____% \$ _____
Real Estate:____% \$ _____
Venture:____% \$ _____
Prec. Metal:____% \$ _____
100% \$ _____

Advisory Team

YOU & Private Banker
YOU & Investment Broker
YOU & Real Estate Advisor(er)
YOU & Lawyer, Accountant, Business Advisor
YOU & Precious Metals Advisor(er), Dealer

Public Market

Stocks:____% \$ _____
ETFs:____% \$ _____
Options:____% \$ _____
Futures:____% \$ _____
Commodities:____% \$ _____
Forex:____% \$ _____
Bonds:____% \$ _____
Mutual Funds:____% \$ _____
100% \$ _____

Real Estate

Investment Property:____% \$ _____
 Rehab:____% \$ _____
 Underperforming:____% \$ _____
 Turnkey:____% \$ _____
Private Lending____% \$ _____
 Individual:____% \$ _____
 Group:____% \$ _____
Mutual Funds:____% \$ _____
 Apt. Redevelopment:____% \$ _____
 Land Development:____% \$ _____
100% \$ _____

Manage Your Portfolio

Execution follows analysis & decision

Team

Support Network
like-minded people

Deals, Investments
property, mortgages,
development

**Success
Circle**

Coach
guide

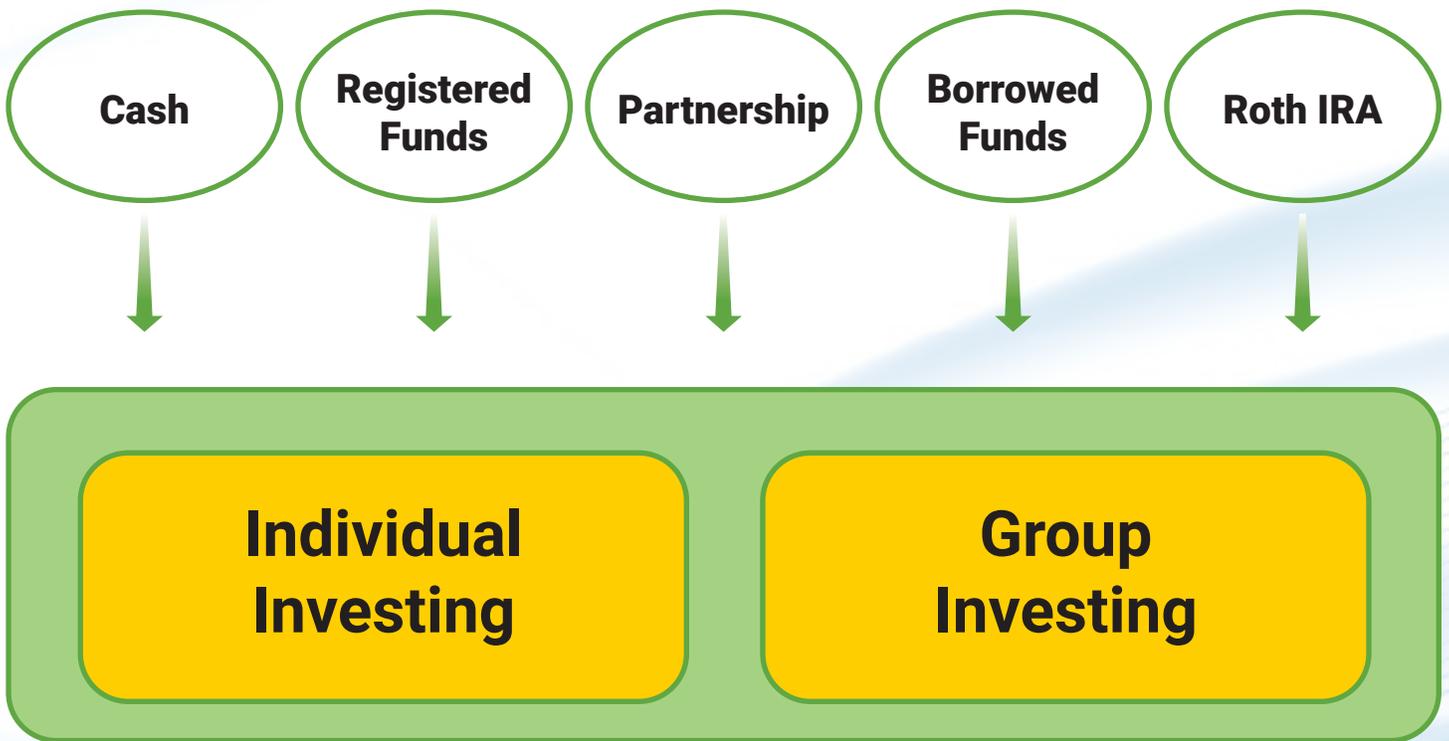
Plan
lifestyle, retire

Asset Protection
Insurance

Taxes
Accounting

***Surround Yourself With Those
More Capable Than You***

Shortcut to YOUR Success



Raising Private Money
More options than you can imagine...

IRA & 401k Lending and Investing

Lending and investing with retirement funds is subject to the terms and conditions as set out by the Internal Revenue Service (IRS). Please refer to their website for the most up to date information.

Chart your own path and get increased control and greater diversification over your investments and retirement savings.

A self-directed Individual Retirement Account (IRA, Roth IRA, SEP IRA, SIMPLE IRA), 401k, Solo 401k, Health Savings Account (HSA), or Education Savings Account (ESA, Coverdell ESA) allows for alternative investments including real estate, private mortgages, limited partnerships, private company stock, and more.

Such accounts require a qualified trustee, or custodian who hold the IRA/401k/HSA/ESA assets on behalf of the self-directed account owner. The trustee/custodian also handle the administrative work including processing transactions, maintaining relevant records and filing required tax reports.

RSA Rescue
Control Your Future

ROTH IRA Investing

Investing with your Roth IRA is subject to the terms and conditions as set out by the Internal Revenue Service (IRS). Please refer to their website for the most up to date information.

Investment Concept

By its own nature, a Roth IRA would not typically incur any taxation for the proceeds of various investments including those as deemed “qualified” by the IRS.

There are many such real estate investments available. While some of these investments may be just for “eligible” and “accredited” investors, anyone can use their Roth IRA and anyone can do an arms length mortgage.

You are able to withdraw any amounts tax free while the account continues growing.

While we do not offer tax and legal advice, we can recommend you review your individual circumstances with the relevant professionals.

Turbo-Charge Your ROTH IRA
A concept to consider

“

*The **MASTER** has failed
more times than the
beginner has even tried*

”

Success Leaves Clues...

Seeing what others don't

Most investors only know the basics of buy and hold or buy and sell. When you can see what other's don't, you can structure better deals with little to no competition. Otherwise, you miss the opportunities.

These are advanced strategies requiring specific knowledge creating and structuring creatively financed deals. Make sure you work with someone with first-hand experience before undertaking such a transaction.

Seller Financing (SF): The seller takes back all or part of the purchase price in the form of a loan (typically a mortgage).

Rent to Own (RTO): The renter make payments towards the purchase of their rented property.

Lease Options (LO): The optionee has the right, not the obligation to purchase a property at a later date with the price set today. During which, they pay a lease for the property. The optionee may also option or assign their option creating a Double Lease Option (DLO). In commercial real estate, a Master Lease Option (MLO) could be used to mitigate risk when there is low or no occupancy.

Agreement for Sale (AFS): The buyer makes installment payments and closes on the property at some point in the future.

Purchase "Subject to" the underlying financing remaining in place (Subject To): The sellers remains responsible on the mortgage as a way for the buyer to take over payments without qualification (this strategy can trigger a bank call on the loan).

There are dozens more strategies. Many can be combined. The key is the ability to know how to structure the right one(s) for the specific situation and desired outcome.

Creative Financing & Deals

SF, RTO, Lease Option, and more...

Asset Protection & Taxes for Real Estate Investors

Asset protection, tax minimization and handling, estate and succession planning, income collection and flexibility, business image, and spendthrift protection are key concerns for investors. Since no two situations are the same, it is important to seek out competent legal, tax, and insurance professionals familiar with all aspects of business, real estate, and investing.

Critical Agreements

Real Estate investing is based on written agreements. Offers, Realtors, tenants, contractors and tradespeople, partnerships, joint ventures, among others, all require legal documentation.

Your Business Entity and Structure

Corporations, trusts, partnerships, joint ventures, sole proprietorships can all own property. Usually a multi-tiered approach is needed to cover a variety of circumstances which is why no single solution exists for everyone.

Tax Matters

An investor should be organized for tax efficiency and understand a number of related tax matters including; deductions and exemptions, capital gains tax and ordinary income tax, charitable giving, salary and management fees, dividends, capital versus current renovation expenses, depreciation, audits.

Ownership Structure

Top 5 Value Added Renovations

There are many considerations when renovating a property. It's critical to stay on time and on budget. Research the area and demographics to guide your decisions.

1. Add Income Suite/Accessory Apartment

2. Kitchen Update

3. Bathroom(s) Update

4. Door Hardware, Light Fixtures, Electrical Switches/Receptacles

5. Flooring and Paint

Other ways to add value

Exterior (landscaping, front door, security lighting, mailbox) Open up the space bringing in more natural light

Create additional storage, Closet/Laundry conversions

Your Team

Project Manager

Kitchen Planner, Designer, Architect (on larger reno) General Contractor
(all trades fall under them)

Adding Value Through Renovations

You need paying tenants to build your wealth.

It's you, your JV Investor, or a separate company who is responsible for maintaining and keeping a property occupied.

You want someone to manage the property and tenants that are willing to pay accordingly.

Establishing the **right rent** is anchored on knowing your value offer and rent comparable of the surrounding area.

Finding the **right tenant** is a combination of marketing, advertising, and screening. Having a leasing specialist on your team would be a great asset.

Controlling **maintenance and repair expenses** is critical for positive cash flow.

Property management is likely the most important factor for a successful income property. Knowledge of Landlord-Tenant Laws, strong supervision along with budgets, record-keeping and tax matters are all skills needed.



Property Management *The Basics*

“

*If you don't come
from a rich family,
a rich family must
come from **YOU***

”

Success Leaves Clues...

In their book Success Through A Positive Mental Attitude, authors Napoleon Hill and W. Clement Stone talked about the natural law of change and how all great achievements have been born out of problems we face as individuals. Now is no different. Neither will be tomorrow.

Even under the most negative conditions, there are those people who seemingly “beat the odds”, push forward towards success and achieve their dreams. Are they special? Well, yes they are. But, they are no more special than you or me. Every one of us has the ability to achieve great things.

The secret is really no secret at all. We know it intuitively. To achieve success we must have a strong enough purpose to get us over the rough times. Our passion is a reflection of that purpose. Our performance is a reflection of that passion. And, our achievements are a reflection of that performance. Many people believe something holds them back from achievement when in reality it is that nothing pulls them forward.

Having a strong enough purpose (your “BIG WHY”) puts you in control of your future. But, the responsibility is *yours*. If you truly want to achieve your goals you must be willing to have an open mind, apply what you learn here and resolve to pay the price in terms of time, consistent effort, and any other resources needed.

When it comes to NOT achieving our goals, the old adage of “if you keep doing what you’re doing you’ll keep getting what you’re getting” is false. The fact is if you keep doing what you’re doing, you’ll lose what little you have and start slipping backward.

Encapsulated within these pages and the bootcamp is a strategic process for developing an awareness of your potential and putting it to use to improve your real estate investing results. The techniques are simple (but not easy at first). Using them puts you in a powerful position to affect significant, positive change.

Goals, Motivation and Your “BIG WHY”

*Allow your Mission to be in agreement with
Your interests, aptitudes, skills, strengths
and feelings:*

I, _____, am a professional real estate investor.

These sentence completions are centred exclusively on my professional activities:

My secret dream is...

My known talents are...

My hidden talents are...

My real strengths are...

What I really do best – and have the most fun doing – is...

What I feel most like being is...

What I feel most like doing is...

What I feel most like having is...

Mission, Vision, and Purpose
Declarations of your aspirations

"Let's not get back to "normal", let's get back to better."

- Scott McGillivray

"To have what few will ever have, you must be willing to do, what few will ever do"

- Unknown

"If you do what is easy, your life will be hard. If you do what is hard, your life will be easy."

- Les Brown

"If you want to live a happy life, tie it to a goal, not to people or things."

- Albert Einstein

"If you don't like something, change it. If you can't change it, change your attitude. Don't complain."

- Maya Angelou

"No man has a chance to enjoy permanent success until he begins to look in a mirror for the real cause of his mistakes."

- Napoleon Hill

"ALL you've got to do is OWN up to your IGNORANCE HONESTLY, and you'll find people who are EAGER to fill your head with information."

- Walt Disney

"It's not enough to do your best, you must first know what to do, then do your best."

- W. Edward Demings

"Pay the price today so you can pay any price tomorrow."

- Unknown

"Smart people learn from everything and everyone, average people from their experiences, stupid people already have the answers."

- Socrates (disputed)

"Instead of buying your children all the things you never had, teach them the things you were never taught"

- Unknown

Success Quotes

Sage advice from those who have been there

A. The three most valuable ideas for me now are:

Idea 1	Idea 2	Idea 3
--------	--------	--------

B. The actions I intend to take to implement each idea, and the dates are:

Action/Date 1	Action/Date 2	Action/Date 3
---------------	---------------	---------------

B. The results I intend to achieve through each action are:

Result 1	Result 2	Result 3
----------	----------	----------

I commit myself to take these actions and to produce these results.
I back this commitment with my energy and my personal integrity.

Signature

Date

Ideas, Action, Results
Building towards your future

“

*You didn't come
this far to only
come this far*

”

Success Leaves Clues...

1. Get Started!

Upon your return to your home or office, review each:

Ideas / Actions / Results page

Initiate your starting **Actions**

2. Continue for the next eight weeks!

- A. Take ownership of the situation
- B. Start the action. Get help. Own a clear intention to advance positively toward each committed **Result**.
- C. Follow through relentlessly, resolutely, – until each committed **Result** is a reality.

Every week, for the next eight weeks, on _____ at _____, review this Learning Guide, together with your notes, cover-to-cover. Review it with clarity of intention—to correct course more, to adopt, to adapt, and integrate more of the **Ideas** you get as you review each week. Create a record of your intended **Actions** and of the **Results**.

3. Follow through for the next twelve months!

Every month, for the next twelve months, on the first of the month at _____, review this Learning Guide, together with your updated notes, cover-to-cover. Review it with clarity of intention—to correct course more, to adopt, to adapt, and integrate more of the **Ideas** you get as you review each month. Create a record of your intended **Actions** and **Results**.

NOTE: If you've enrolled in the Keyspire Mastermind Program, you will receive information regarding your next steps and what to expect in the coming days and during the orientation at the end of the bootcamp.

Implementation Plan

This is where you prove you are serious

Keyspire Glossary of Real Estate Terminology



Term	Definition
#	
1% Rule	A rule of thumb used to determine if the monthly rent earned from a piece of investment property will exceed that property's monthly mortgage payment. The aim of the 1% rule is to have the property have rental rates equaling no less than 1% of the property's purchase value.
401(k)	A defined contribution plan where an employee can make contributions from his/her paycheck either before or after-tax, depending on the options offered in the plan. 401(k) must be set up by an employer. There is a 10% penalty with some exceptions for withdrawal before the age of 59.5 years.
403(b)	A tax-sheltered annuity (TSA) plan for certain employees of public schools, certain tax-exempt organizations and certain ministers.
A	
Abstract of Title	A written history of the title to a parcel of real estate as recorded in a Land Registry Office.
Acceleration Clause	A clause in the mortgage document which accelerates the maturity date and states that upon default, the principal sum of the mortgage and accrued interest falls due.
Accrued Interest	Interest which has accumulated unpaid since last payment date
Active Appreciation	The increase in property value driven by the property owner. Active appreciation may be obtained in multiple ways including cosmetic updates, renovations, the addition of an accessory apartment, etc.
Add-On Interest	An interest amount added to the principal of a debt and made payable as part of the debt , usually in equal periodic installments (also called Pre-calculated interest).
Adjustable Rate Mortgage (ARM)	A mortgage in which the interest changes periodically, according to corresponding fluctuations in an index. All ARMs are tied to indexes.
Adjusted Sales Price	Adjusted sales price is the price on the contract less all credit concessions by the seller.
Adjustment Date	The date the interest rate changes on an adjustable rate mortgage.
Ad Valorem	The literal meaning is "according to value". A method of taxing using the value of the object taxed to determine the amount of tax. Property taxes are ad valorem taxes.
Adverse Possession	When an individual, not the owner, takes actual possession of the property, hostile to, and without the consent of, the owner.
Affidavit	A statement of declaration in writing and sworn or affirmed before an authorized individual, such as a notary public.
After Repair Value (ARV)	The appraised value of a property after all repairs or renovations are completed
Agency	A relationship which arises out of a contract, where an agent is authorized by a principal to engage in certain acts, usually in dealing with one or more third party(s).
Agreement of Purchase and Sale	A written contract to buy property in which the buyer and seller agree to sell upon terms and conditions as set forth in the agreement.
Air Rights	Air rights are the legal ability to use or control the space above a property. Air rights can be sold, rented or leased to another party
Alienation Clause	This is a clause that enables the mortgagee to demand payment of the outstanding balance including interest upon sale or transfer of title. (also known as a "due on sale" clause)
Alternate Credit	Documentation such as paid utility or telephone bills, rent payments, car insurance payments, or other regularly scheduled payments. For persons without traditional credit, willingness and ability to pay can be demonstrated using obligations such as these.

American Society of Home Inspectors (ASHI)	A non-profit organization formed as a voluntary professional society. To qualify for membership, inspectors must pass a series of tests that measure their technical and professional knowledge and have performed at least 250 paid professional inspections according to the ASHI standards of practice. Inspectors must also undergo a 1-year review and trial period, subscribe to the Society's Code of Ethics and meet a yearly quota of continuing education requirements.
Amortization	The period of time required to reduce a mortgage debt to zero when payments are made regularly.
Amortization Schedule	A table which shows how much of each payment will be applied toward principal and interest over the life of the loan. It also shows the gradual decrease of the loan balance until it reaches zero.
Annual Home Insurance	The annual amount you can expect to pay in home owner's insurance. This amount is divided by 12 to determine the monthly insurance amount included in PITI (see PITI).
Annual Percentage Rate (APR)	The APR is the actual effective rate of interest charged on a loan expressed on a yearly basis and represents the full cost of all elements associated with obtaining a full mortgage (including items like base interest rate, loan origination fee, prepaid interest points, etc.) into a single formula. The Federal Truth-in-Lending Act requires that the annual percentage rate be disclosed to the buyer at or before closing. Because extra costs are included in this calculation it will always be higher than the interest rate indicated on the mortgage.
Annual Property Taxes	The annual amount you can expect to pay in property taxes. This amount is divided by 12 to determine the monthly property tax amount included in PITI (see PITI).
Annuity	A contract between an individual and a 3rd party (normally an insurance company) whereby in exchange for making a lump sum payment, upon annuitization, the company pays out a fixed sum of money for a certain period of time or life.
Appraisal	The evaluation of a property by a licensed appraiser on its price based on previous sales of similar properties. The appraised value is used by a bank to determine the lending limit on a given property. A seller may also have a property appraised to determine the offering price during a sale.
Appraised Value	An estimate of property value written by a qualified individual. Appraisals performed for mortgage lending purposes, may not reflect the market value of the property, or the purchase price.
Appurtenance	Something which is outside the property itself, but belongs to the land and is joined thereto; e.g... a road over another's land providing an access (right-of-way) is an appurtenance.
Assessed Value	The value that a taxing authority places upon personal property for the purpose of taxation.
Assessor	A public official who establishes the value of a property for taxation purposes.
Asset	Something that is owned and has value. Assets that can be quickly converted to cash are considered liquid assets (e.g. bank accounts, stocks, bonds, etc.)
Assignment	Assignment is the process by which a right or contract is transferred from one party to another. Examples of typical assigned contracts are mortgages, leases and deeds of trust.
Assignment of Mortgage	The assigning of a mortgagee's interest in the mortgage to a new mortgagee. The legal sale of the mortgage with or without an agreement to repurchase.
Assignment of Rentals	The enforceable diversion of income from mortgaged property to the Mortgagee.
Assumption Agreement	A document which binds someone other than the mortgagor, to perform mortgage obligations.
Assumption of Mortgage	The action of a buyer taking responsibility for a mortgage debt by way of a legal agreement. The original covenantor(s) responsibility pursuant to the mortgage obligation remains intact in such arrangement, so long as the existing documentation remains registered.
Attornment of Rent	The redirection of rental income to a Mortgagee, usually in the event of default.
Average Market Rent (AMR)	The average rental rate for a specific property or unit type in a specified real estate market or neighborhood.
B	
Balanced Market	Where demand for property equals the supply of available property. Sellers usually accept reasonable offers and houses generally sell in sufficient time periods. Prices remain stable and there is usually a good number of homes to choose from.

Balloon Mortgage	A balloon mortgage is a short-term mortgage with fixed installments of principal and interest that do not fully amortize the loan. The balance of the mortgage is due in a lump sum at the end of the term.
Balloon Payment	This is a final mortgage payment at the end of the term which pays off the outstanding loan in full. The amount of money (principal) required to discharge a mortgage at maturity.
Bankruptcy	Individuals can restructure or relieve themselves of debts and liabilities by filing in federal bankruptcy court. There are various types of bankruptcies including the very common Chapter 7 No Asset bankruptcy which relieves the borrower of most types of debts.
"Benefit of the Bargain" Rule	A principle that any party who breaches a contract must pay the aggrieved party an amount that puts the person in the same financial position that would have resulted if the contract had been fully performed. Often referred to in instances of landlord/tenant dispute.
Bill of Sale	A written document that transfers title to personal property.
Blanket Mortgage	A single registered document which encumbers more than one property. Not to be confused with an umbrella mortgage.
Blended Payment	Equal payments consisting of both principal and interest, paid regularly during the term of the mortgage.
Bond Market	Usually refers to the daily buying and selling of 30 year treasury bonds. Lenders follow this market intensely because as yields go up and down fixed rate mortgages follow.
Boom Stage of Real Estate Market Cycle	The period of the real estate market cycle characterized by continued prosperity and growth. During the "boom" property prices and rental rates increase, supply decreases as buyer demand increases and speculators begin to enter the market. Passive appreciation is highest during the Boom Stage of the market cycle.
Bottom Ratio	See Debt-Service Ratio
Bird-Dogging (Scouting)	Another term for Wholesaling. A term that refers to someone who spends their time trying to locate properties with substantial investment potential then connects the seller with a buyer for a fee. Bird-dogging sometimes is defined as a version of Wholesaling where the investor never enters into any contract with the seller, instead they just make the connection to the buyer.
Bridge Loan	A bridge loan is a loan for a short duration of time and can be used when one is purchasing one property but is dependent on the equity from another property that has not yet been sold. Once the property is sold then the bridge loan is repaid. Bridge loans are still available but are less popular due to the rise of second mortgage lenders who will lend at a higher LTV.
Broker's Price Opinion (BPO)	The estimated value of a property as determined by a real estate broker or real estate agent.
Building Codes	Regulations established by government providing for structural requirements.
Buy and Hold	Purchasing a property with the intention to own the property for an extended period of time with no short term intention to sell.
Buy and Sell	Purchasing a property with the intention to sell the property within a specified timeline, normally short term.
Buydown	A payment to the lender from the seller, buyer or third party causing the lender to reduce the interest rate during the term of the mortgage. This reduces the borrower's out of pocket monthly payment. A buydown can be temporary or permanent.
Buyer's Broker	The broker who represents the buyer of a property in a real estate transaction.
Buyer's Market	When there is a higher number of homes to choose from than buyers in comparison. Prices of homes tend to be lower and they remain available for sale longer. Buyers usually have more leverage in negotiating a purchase.
C	
C-Corporation (C-Corp)	A C-corporation is an independent legal entity owned by shareholders. This means the C-corporation itself, not the shareholders that own it, is held legally liable for the actions and debts the business incurs. C-Corporations can be subjected to double taxation where both the corporation and the shareholders are taxed.
Call Option	See acceleration clause

Cap	Caps are percentage restrictions on an ARM which limit the amount the interest rate may change per year and over the life of the loan
Capital Expense (Expenditure)	An expense that generally gives a long lasting benefit or advantage. Capital expenditures are improvements that will have a life of one year or more and will increase the value of the property.
Capital Gain	Capital gain is the seller's gain on an asset used in a trade or business or for investment, including real estate. This gain is taxed at varying rates depending on whether the asset was held for more or less than one year.
Capitalization Rate	The ratio between the net operating income (NOI) produced by an asset and its capital cost or alternatively its current market value. This is also referred to as Cap Rate.
Capital Stack	The different layers of financing sources that go into funding the purchase and improvement of a real estate project.
Carry-Cost Rule	The carry-cost rule is used by banks to evaluate borrowers for loans. It gives the maximum percentage of a borrower's income that the bank will find acceptable to carry the loan and related housing costs. This rule is used in conjunction with the debt/equity ratio.
Carrying Costs	The expenses associated with maintaining a property including debt service, utilities, taxes, insurance, maintenance, etc.
Cash Back at Closing	A term in the Contract of Purchase and Sale whereby the buyer and seller agree that the seller will refund some specified amount of money to the buyer in case upon closing. A common use for such clauses is to allow the buyer to obtain cash to carry out some repair or renovation of the property.
Cash Flow	The amount of cash available at the end of the year after expenses, debt service, and vacancy is subtracted from income
Cash on Cash Return	The ratio of annual before-tax cash flow to the total amount of cash invested, expressed as a percentage
Cash-Out Refinance	When borrower refinances his/her mortgage at a higher amount than the current loan balance with the intention of pulling out money.
Cash Reserve	A requirement by some lenders that the borrower has enough cash remaining after closing to make the first two monthly mortgage payments.
Caveat Emptor	Caveat emptor in Latin means "let the buyer beware", which applies in most real estate transactions.
Certificate of Charge	A mortgage document in the Land Titles System.
Certificate of Deposit (CD)	A savings certificate with a fixed maturity date, specified fixed interest rate and can be issued in any denomination aside from minimum investment requirements. A CD restricts access to funds until the maturity date of the investment. It is possible to withdraw money from a CD early but this action will incur a penalty.
Certificate of Deposit Index	One of the indexes used for determining interest rate changes to some adjustable rate mortgages. It is an average of what banks are paying on certificates of deposit.
Certificate of Eligibility	A document issued by the Veterans Administration that certifies a veteran's eligibility for a VA loan.
Certificate of Reasonable Value (CRV)	Once an appraisal is completed on a property being purchased with a VA loan, the Veterans Administration issues a CRV.
Cessation of Charge	A discharge of a mortgage in the Land Titles System.
Chain of Title	The sequence of conveyances and encumbrances affecting a title to land from the time that the original patent was granted or as far back as records are available.
Chattel Mortgage	An encumbrance against moveable possessions, or personal property that may be removed without damage to the property, (e.g. appliances).
Closed Mortgage	A reference to the absence of the privilege to accelerate repayment during the term of a mortgage either by bulk payment(s) or increase to scheduled remittances.

Closing	Closing has different meanings in different states. In some states a real estate transaction is not considered closed until documents are recorded at the local recorder's office. In other states the closing is a meeting where all documents are signed and money changes hands.
Closing Costs	Closing costs are the expenses incurred in the purchase and sale of real property paid at the time of settlement or closing. Some examples of closing costs are title insurance, attorney fees, appraisal fees, recording fees and taxes
Closing Statement	A financial disclosure giving an account of all funds received, expected and spent at the time of closing a real estate sale including the escrow deposits for taxes, hazard insurance and mortgage insurance. The statement is furnished by the closing agent or attorney to the buyer and seller separately. The standardized HUD-1 is used in most residential property sales.
Cloud on Title	Any encumbrance or claim that affects title to property
Co-Broke	Co-broke is an arrangement between two brokerage firms to share a commission. Normally used when one broker is the seller's exclusive listing agent and the other broker represents the buyer.
Collateral	Collateral is the security put up in exchange for a loan, which can be taken by the bank if the loan goes unpaid. In the case of a mortgage loan, the collateral is the property.
Collection	When a borrower falls behind, the lender contacts them in an effort to bring the loan current. The loan goes to collection. As part of the collection effort, the lender must mail and record certain documents in case they are eventually required to foreclose on the property.
Commitment Letter	A letter issued by the lender to the applicant that states funds will be provided subject to written terms and conditions.
Common Area Assessments	Also referred to as Homeowners Association Fees or Common Charge. These are charges paid to the HOA by the owners of individual units in a condominium or planned unit development (PUD) and are generally used to maintain the property and common areas
Comparables (Comps)	Comps are used in assessing or establishing the fair market value of a property, a property which has been sold recently that is similar in size, condition, location and amenities.
Completion Loan	A mortgage loan dispersed following the satisfactory completion of construction.
Component Financing	A device by which lending is split into separate parts and treated individually.
Compound Interest	Interest that is calculated on the initial principal and also on the accumulated interest of previous periods of a deposit, mortgage, or loan. In the USA mortgages compound monthly (Canada compounds semi-annually)
Condition Precedent	An event or action necessary before an agreement becomes binding.
Condition Subsequent	A condition referring to a future event upon the happening of which the contract becomes no longer binding on the parties.
Conditional Sales Contract (Offer)	An Offer to Purchase that is subject to specified conditions, for example, the arranging of a mortgage. There is usually a stipulated time limit within which the specified conditions must be met.
Condominium	A condominium is a building in which ownership has been partitioned into unit interests. Each apartment owner receives a unit deed and owns an individual unit, but common areas are shared with the other unit owners of the building
Conforming Loan	A conforming loan is a mortgage issued within the framework of FNMA/FHLMC (Fannie Mae/Freddie Mac) guidelines in terms and amount. The Office of Federal Housing Enterprise Oversight (OFHEO) set the criteria on what constitutes a conforming loan limit that Fannie Mae and Freddie Mac can buy. Criteria include debt-to-income ratio limits and documentation requirements. The maximum loan amount is based on the October-to-October changes in median home price
Consideration	Consideration is anything of value, as recognized by law, offered as an inducement to contract
Constant Payment Mortgage	A mortgage which is paid by equal periodic amounts consisting of principal and interest payments. It may be self-liquidating, which means the mortgage is entirely paid off at maturity (fully amortized), partially amortized, at the end of which there remains a principal balance due at maturity (also known as balloon mortgage).

Construction Loan or Mortgage	A construction loan is a short-term loan to obtain funds to construct an improvement.
Contract for Deed	Contract for deed is a contract of sale and a financing instrument wherein the seller agrees to convey title when the buyer completes the purchase price installment payments. It is also called installment land contract and installment plan.
Contract Vendee Sale	A contract vendee sale is a transaction in which a seller transfers beneficial rights, including the right of possession and obligations of ownership, to the buyer and agrees to close at a future date under definite terms. Ownership can be transferred for tax purposes prior to the transfer of title.
Conventional Mortgage Loan	A conventional mortgage loan is a loan in which the federal government does not insure or guarantee payment to the lender, but is under the amount of a jumbo mortgage
Convertible Apartment	A "convertible apartment" is a one or two bedroom apartment that has space to make another bedroom. The other bedroom can be made from the construction of a wall; however the new bedroom must have a window in order for it to be legally considered an additional room.
Convertible Arm	An adjustable-rate mortgage that allows the borrower to change the ARM to a fixed rate mortgage within a specific time.
Cost of Funds Index (COFI)	One of the indexes used to determine interest rate changes for certain adjustable rate mortgages. It represents the weighted average cost of savings, borrowings, and advances of financial institutions.
Counter-Offer	A counter-offer is a new offer made by either the buyer or seller when rejecting a previous offer.
Covenant	A clause in a legal document, which, in the case of a mortgage, gives the parties to the mortgage a right or obligation. For example, a covenant can impose the obligation on a borrower to make mortgage payments in certain amounts on certain dates. A mortgage document consists of covenants agreed to by the borrower and the lender.
Credit Rating	A credit reporting agency's ranking of a person's credit worthiness. A lender uses an applicant's history and rating to decide whether or not to make a loan.
Credit Report	A report of an individual's credit history prepared by a credit bureau and used by a lender in determining a loan applicant's credit worthiness. The report includes identification, employment and payment histories, collection items, judgements, bankruptcies, and inquiries from creditors.
Credit Reporting Agency	An organization that gathers, records, updates, and stores financial and public records information about the payment records of individuals who are being considered for credit. Credit reporting agencies in the U.S. are Equifax, TRW and TransUnion. Information may differ between agencies.
Cross-Collateralization	A reference to security involving various liens held in support of one or more advances made by a lender to a borrower.
Crowdfunding	See Peer-to-Peer Lending (P2P).
D	
Debt-to-Equity Ratio	The debt-to-equity ratio, also referred to as the loan-to-value ratio, is a rule used by banks requiring that a borrower invest a minimum amount of equity cash (usually 10% to 25% of the purchase price) as a condition to obtaining a mortgage. The rule is used in conjunction with the carrying-cost rule to determine how much money a bank will lend. A ratio of 1 means 100% leverage of a property, and higher than 1 means negative equity.
Debt Service	The payments made to service all debt on the property. Debt Service payments include both principal and interest.
Debt-Service Ratio or Debt-to-Income Ratio	The debt-to-income ratio is the relationship of a borrower's monthly payment obligation on long-term debts divided by gross monthly income, expressed as a percentage. It is also known as bottom ratio
Deed	A written instrument transferring an interest in a real property when delivered to the grantee.
Deed in Lieu of Foreclosure	Deed in lieu of foreclosure is the conveyance of title to the mortgagee by a mortgagor in default to avoid a record of foreclosure.
Deed of Trust	An instrument used in some states in place of a mortgage. The borrower transfers the title to the property to a trustee who holds it in trust in favor of the lender.

Default	An act performed by the buyer, seller, tenant or landlord that breaches the contract of sale or lease and permits a claim for damages.
Deficiency	An insufficient payment, often relating to an amount recovered under a power of sale or foreclosure action.
Deficiency Judgement	A money judgement entered against a borrower for the amount which the borrower is liable on the note and mortgage if a foreclosure sale does not produce enough to pay the debt.
Delayed Participation Loan	Where a lender disposes of a loan to several other participants putting up their respective shares later.
Delinquency	A loan in which a payment is overdue by not yet in default.
Delinquent	A loan payment that has not be received 30 days after its due date.
Demand Note	Payment is made on demand, usually within a few days notice to the borrower.
Depreciation	Depreciation is the expensing of the original cost of an asset, plus any qualified improvements, over its scheduled life as defined by the IRS. Depreciation deductions are permitted only for assets held by the production of income or used in a trade or business. The current term for depreciating residential real estate is 27.5 years.
Depreciation Reproduction Cost	Appraisal method by which the cost of replacing a structure, minus depreciation, gives the depreciation reproduction costs.
Determine your Investor Profile	The Keyspire process of determining your investor type based on your individual circumstances and preferences, then choosing the investing stream and investment type that best fits your personal situation.
Discount	Reduction in product price or cost of a service. A discount if the difference between the nominal face value of a loan and actual cash received by the borrower because interest is paid at the beginning of a loan based on the sum to be repaid at maturity.
Discount Points	Discount points are a one-time payment by the borrower to the lender at closing to obtain a lower interest rate on the mortgage loan. One point equals 1% of the loan amount; therefore, two points on a \$100,000 mortgage would cost \$2,000. It is also referred to as points.
Diversification	Is an investing strategy designed to increase the security of an investor's portfolio through deploying capital into a variety of investment types.
Days on Market (DOM)	An acronym for Days on Market. Days on Market is the length of time a real estate listing is for sale (on the market).
Double Offer	An offer strategy of submitting two different offers on the same property simultaneously, each with a different price or conditions.
Down Payment	The down payment is the amount of money a buyer pays upfront in order to purchase a property. It is usually paid at the signing of the contract in the form of a certified check. The amount is typically 10% of the sales price.
Downside Leverage	Occurs where the debt service on a mortgage exceeds the yield on an investors' property, thereby reducing cash flow.
Dual Agent	A dual agent is a broker or salesperson who represents both the buyer and seller in the same transaction.
Due Diligence	A buyer's process of thoroughly investigating a property or investment within a specified period of time to determine whether he/she remains satisfied with the property/investment before finalizing their purchase or participation in the investment.
Due-on-Sale Provision	A provision in a mortgage that allows the lender to demand repayment in full if the borrower sells the property that serves as security for the mortgage.
E	
Earnest Money Deposit	Earnest money deposit is the deposit a buyer makes at the time of submitting an offer to demonstrate the true intent to purchase. It is also called a binder or good faith deposit.
Easement	A right acquired for access to or over, or for the use of, another person's land for a specific purpose, such as a driveway or public utilities.

Economic Depreciation	Loss in value of property due to external influences related to the property or not controlled by the owner.
Effective Gross Income	The estimated gross income less allowances for vacancies and rent losses
Effective Interest Rate	Effective interest rate is the actual rate of interest paid on a loan.
Elevator Pitch	See Value Add Statement (VAS).
Equity	The difference between the current fair market value of the property and the amount the owner still owes on the mortgage. Equity is the amount the owner would realize after selling the property and paying off the mortgage.
Equitable Mortgage	The transfer of equity in property as security for a debt. Any mortgage registered after the first mortgage.
Environmental Protection Agency (EPA)	The EPA is a federal agency that oversees land use.
Equal Credit Opportunity Act (ECOA)	A federal law that requires lenders and other creditors to make credit equally available without discrimination based on race, color, religion, national origin, age, sex, marital status, or receipt of income from public assistance programs.
Escheat	Escheat is the right of the government to take title to property left by a person who dies without leaving a valid will (intestate) or qualified heirs
Escrow/Escrow Account	An account held by an agent on behalf of his principal for the payment of money due to a third party on the event of specified incidents, e.g. a seller's attorney will hold funds on his behalf until title deeds to property have been delivered and property registered and the keys delivered to the buyer; or an account maintained by a mortgagee for the payment of property taxes or life insurance premiums. Once a property is purchased you may have an escrow account with your lender. This means the amount you pay each month is above what would be required if you were only paying principal and interest. The extra money is held in your escrow account for the payment of items like property taxes and insurance when they come due. The lender then pays them instead of you paying them yourself.
Escrow Disbursements (Payments)	The use of escrow funds to pay real estate taxes, hazard insurance, mortgage insurance, and other property expenses as they become due.
Estoppel Certificate (Status Certificate)	A written statement or certificate which states certain facts upon which the receiver of the statement or a third party may rely, e.g.. Lender's estoppel statement as to a buyer or property. The lender cannot later deny the truth of these statements because a third party has relied and acted upon them.
Eviction	The lawful expulsion of an occupant from real property.
Exclusive Listing	A written contract that gives a licensed real estate agent the exclusive right to sell a property for a specified period of time.
Exculpatory Clause	A clause which excuses one party from personal liability in the event of a default.
Exit Strategy	A definition of the final business goal, specifically outlining the business exit and how profit will be realized.
F	
Fair Housing Act of 1988	This federal act prohibits discrimination in the sale, rental, financing, or appraisal of housing on the basis of race, color, religion, gender, national origin, handicap, or familial status.
Fair Market Value	The fair market value is the price for a property agreed upon between a buyer and seller in a competitive market.
Fair Credit Reporting Act	A consumer protection law that regulates the disclosure of consumer credit reports by consumer/ credit reporting agencies and establishes procedures for correcting mistakes on one's credit record.

Fannie Mae	Fannie Mae is the nickname for the Federal National Mortgage Association (FNMA), a privately owned corporation that purchase FHA, VA, and conventional mortgages.
Federal Home Loan Mortgage Corporation (FHMLC)	A quasi-government agency that purchases mortgages in the secondary mortgage market from insured depository institutions and HUD-approved mortgage bankers.
Federal Housing Administration (FHA)	The Federal Housing Administration is a federal agency that is part of the Department of Housing and Urban Development (HUD) that sets policy for mortgage underwriting and provides insurance for residential mortgages
FHA Insured Loan (FHA Mortgage)	An FHA insured loan is a mortgage insured by the Federal Housing Administration.
Fee Simple	The highest estate or absolute right in real property
Fee Simple Estate	An unconditional, unlimited estate of inheritance that represents the greatest estate and most extensive interest in land that can be enjoyed. IT is of perpetual duration.
Final Order of Closure	Judgement taken against a mortgagor, extinguishing the equity of redemption.
Finance Charge	The finance charge is the amount imposed on the borrower in a mortgage loan, consisting of origination fee, service charges, discount points, interest, credit report fees, and finders' fees.
Firm Offer	An Offer to Purchase that is irrevocable and includes no conditions.
First Mortgage	A first mortgage is a mortgage whose lien is superior to the lien of any other mortgage on the same property. This lien is superior either because it was recorded prior to all other mortgages or because the mortgagee of another mortgage which had been recorded ahead of this mortgage has agreed to have a lien subordinated to the lien of this mortgage.
First Mortgage Bond	Bonds issued by a corporation secured upon the property and earnings of the issuing corporation.
Fixed Cost Method	A calculation sometimes used by investors to calculate the highest possible offer while also allowing for a 20-25% profit margin and assumes 10% for fixed costs. Often used by investors who are flipping properties. Also referred to as Maximum Allowable Offer (MAO) calculation.
Fixed Lease	A fixed lease is when the rental amount remains the same for the entire lease term; also called flat, straight or gross lease.
Fixed-Rate Mortgage	A loan secured by real estate that has a fixed interest rate and payment amount for the term of the loan (normally 15 or 30 years).
Fixture	Personal property that becomes real property when attached in a permanent manner to real estate
Flat Payment	An all inclusive monthly payment that is calculated to include principal interest and taxes. Under this system there is no specific breakdown as t the amounts of the principal, interest and taxes.
Flipping	A buy and sell investment strategy that involves purchasing a property, completing a short term renovation to add active appreciation, then selling the property with the goal of gaining a profit.
Flip to Yourself™	A Keyspire investment strategy that enables to access active and passive appreciation repeatedly while using the Buy and Hold exit strategy.
Floating Rate	A type of loan where the interest rate is not fixed over the term but is allowed to vary according to the change in a specified index, and is also referred to as an ARM (Adjustable Rate Mortgage)
Flood Insurance	Insurance that compensates for physical property damage resulting from flooding. It is required for properties located in federally designated flood areas.
Floor to Ceiling Loan	A permanent loan or advance made in two stages, (a) on completion of construction according to agreed upon terms and conditions, and (b) the balance advanced upon occupancy or upon cash flow requirements.
Forbearance	The lender's postponement of foreclosure to give the borrower time to catch up on overdue payments.
Forcible Entry and Detainer (FED)	A term commonly used by courts to refer to an eviction action. The legal theory is that the landlord alleges the tenant unlawfully continues to use and have possession of the rental property and the landlord seeks the assistance of the court to have the tenant removed.

Foreclosure	Foreclosure is an enforcement process in which the lender under a defaulted mortgage takes title to the property for the purposes of selling it to recoup moneys owed under the mortgage. This usually involves a forced sale of the property at public auction with the proceeds of the sale being applied to mortgage debt.
For Sale by Owner Property (FSBO)	A method of selling a property without the use of an agent or broker. Generally the reason that the seller does not use the services of an agent or broker is because they want to avoid paying commission for the transaction.
Freddie Mac	Freddie Mac is the nickname for Federal Home Loan Mortgage Corporation (FHLMC), a corporation wholly owned by the Federal Home Loan Bank System that purchases FHA, VA, and conventional mortgages.
Fully Amortizing Mortgage	A fully amortizing mortgage is a mortgage with scheduled uniform payments that will fully pay-off the loan over the term of the mortgage.
G	
Gale Date	The dates on which interest is charged or compounded on the mortgage loan.
Gap Financing	A loan required by a builder to obtain funds during the period between a permanent take out commitment and a construction loan. The construction lender will usually require permanent mortgage commitment to the full amount of the construction loan plus a hold back provision that only the "floor" amount will be funded at the completion of construction.
General Partnership	In a general partnership, the partners manage the company and assume responsibility for the partnership's debts and other obligations.
Gift Letter	A letter or affidavit that indicates the part of a borrower's down payment or closing costs that will be provided by relatives in the form of a gift. It also states that this gift does not have to be repaid.
Ginnie Mae	Ginnie Mae is the nickname for Government National Mortgage Association (GNMA), a U.S. government agency that purchases FHA and VA mortgages
Good Faith Estimate	A Good Faith Estimate is an estimate of the fees a mortgage borrower will be required to pay at closing. It is required by Federal law that the lender provides the Good Faith Estimate within three business days of the initial loan application
Graduated Payment Mortgage (GPM)	A graduated payment mortgage has payments that are lower in the early years but increase on a scheduled basis until they reach a level of amortization.
Gross Lease	A gross lease is a lease in which the lessor pays all costs of operating and maintaining property, including the property taxes
Gross Operating Expense (GOE)	The sum of all expenses associated with operating the property. This does not include any debt payments.
Gross Operating Income (GOI)	The Gross Scheduled Income minus 5% for vacancy allowance
Gross Rent Multiplier (GRM)	The ratio of the price of a real estate investment to its annual rental income before expenses. GRM is often used as an easy calculation for initial comparison of properties, but not as a precise analytical formula for ascertaining value.
Gross Scheduled Income (GSI)	The amount of income the property is scheduled to collect as per the rental agreement(s)
Gross Yield	The yield on an investment before the deduction of taxes and expenses. It is calculated as the annual return on an investment prior to taxes/expenses divided by the current price of the investment.
Guaranteed Income Mortgage	A guarantee included in a purchase money mortgage by a seller-mortgagee that there will be a minimum cash-flow or net operating income to the buyer mortgagee. The guarantee is limited to a short period and may be combined with a management contract whereby the seller as manager will operate the property.

H	
Hard Money Lender (HML)	Hard Money Lenders provide hard money loans and they are considered an alternative lender. Though the funding for these types of loans comes from private sources. HMLs are structured and concentrate in working with real estate investors, private borrowers and business owners. To carry out lending decisions they focus on borrower equity instead of credit scores. They generally have set approval criteria and loan terms. HMLs often charge higher interest rates than institutional lenders and private lenders.
Hazard Insurance	A broad form of casualty insurance coverage that includes protection against loss from physical damage to a property such as fire, wind, vandalism, or other hazards
Holdover Tenant	A holdover tenant is a tenant that remains in possession of a property after a lease terminates.
Home Affordable Refinance Program (HARP) or Home Affordable Mortgage Program (HAMP)	The HARP or HAMP programs are issued for Freddie Mac and Fannie Mae back loans, not FHA loans.
Home Equity Conversion Mortgage (HECM)	Usually referred to as a reverse mortgage. Instead of the borrower making payments to a lender, the lender makes payments to the borrower. This enables older homeowners to convert the equity in their homes to cash, usually in the form of monthly payments. The borrower does not qualify on the basis of income but on the value of his/her home. The loan does not have to be repaid until the borrower no longer occupies the property.
Home Equity Loan	A home equity loan is a loan made against the equity in a home
Homeowners' Association	A non-profit association that manages the common areas of a planned unit development (PUD) or condominium project. In a condominium project, it has no ownership interest in the common elements. In a PUD project it holds title to the common elements.
Homeowner's Insurance	An insurance policy that combines personal liability insurance, theft coverage, liability for property damage and hazard insurance coverage for a dwelling and its contents.
Housing Expense Ratio	The housing expense ratio is the relationship of a borrower's monthly payment obligation on housing (principal, interest, taxes, insurances and other applicable housing expenses) divided by gross monthly income, expressed as a percentage. It is also referred to as top ratio
Housing Finance Agency (HFA)	State agencies which are responsible for the financing of housing and the administration of subsidized housing programs.
HUD	The U.S. Department of Housing and Urban Development
HUD Median Income	Median family income for a particular county or metropolitan statistical area (MSA) as estimated by HUD
HUD-1 Settlement Statement	A document that provides an itemized listing of the funds that were paid at closing. Items that appear on the statement include real estate commissions, loan fees, points and initial escrow (impound amounts). Each type of expense goes on a specific numbered line on the sheet. The totals at the borrow of the statement define the seller's net proceeds and the buyer's net payment at closing.
Hybrid State	Hybrid states are neither tax lien nor tax deed states. Hybrid states may sell tax liens, tax deeds or redeemable deeds.
I	
Impound Account	Also referred to as an escrow account. Refers to money held by a lender for the payment of taxes and insurance. The lender pays the bills from the accumulated funds.
Income Bond	Bonds which pay a fixed rate of interest contingent upon earnings. These bonds may originate from a reorganization because of a default on mortgage bonds.
Income Property Loan	A loan which is secured on property which already has a source of income, e.g.. Rents which will cover the debt service payments on the loan.

Index	Index is a benchmark, usually a published interest rate, such as a one-year London Interbank Offered Rate (LIBOR) security yields, used to calculate the interest rate of an adjustable rate mortgage when rate is scheduled to change. Generally, a margin stated in loan documents is added to the index to determine the new interest rate.
Inflation	A rise in the general level of prices of goods and services in an economy over a period of time.
Installment Debt	Accounts which have a specific term or length of time to pay and a set monthly payment. A car payment or student loan are examples of installment debts.
Installment Sale	An installment sale is a property sale in which the buyer pays the purchase price over a period of years. The seller recognizes gain for tax purposes by the proportion of the profit (determined by the profit divided by the net sales price of the asset) received on each payment as it is received.
Institutional Lender	A federal or state-regulated entity that loans money. Institutional lenders invest in loans and other securities on behalf of depositors or customers. Institutional lenders are a prime source of bond purchases and real estate loans. Banks are an example of an institutional lender.
Interest	The cost of borrowing money for a given period of time. Interest is usually paid to the lender in installments along with the repayment of the principal loan amount.
Interest Escalation	Rate of interest on a loan is raised periodically during the term of the loan so as to encourage early repayment.
Interest Only Loan	Borrower pays back interest only on the loan and there is no amortization until later or until the end of the term. This may occur when a buyer wishes to resell property after a short period or if he wishes to build up enough income from the property before amortization.
Interest Rate	The rate at which you pay interest to the lender. More frequent payments often result in a different interest rate.
Interest-Rate Spread	The interest-rate spread is the differential between the retail interest rate charged to a borrower and the wholesale rate accepted by the financial industry when acquiring home mortgage loans. The spread is the profit to the bank
Intermediate Term Loan	A short-term loan from 3 to 5 years with no or partial amortization (balloon loan).
Investable Capital	Money available to invest. A person's amount of investable capital available is determined by the person holding the capital.
Investment Retirement Account (IRA)	A traditional IRA allows individuals to direct pre-tax income toward investments that can grow tax-deferred; no capital gains or dividend income is taxed until it is withdrawn. Individual taxpayers are allowed to contribute 100% of any earned compensation up to a specified dollar amount.
Investment Team	Members of your team who bring you investments: properties, mortgages and land development
Investor Profile	An Investor Profile defines the type of investor you are based on your individual circumstances and preferences
Invest Where Returns are Best	The Keyspire practice of choosing to participate in real estate investments based on how closely the investment aligns with an one's individual investor profile and the total Return on Investment (ROI) obtained, regardless of where the actual investment is located.
Irrevocable	Incapable of being recalled or revoked; unchangeable, unalterable.
J	
Johnson v. Davis	The landmark 1985 Florida Supreme Court case that holds that were a seller of a home knows of facts materially affecting the value of the property which are not readily observable and are not known to the buyer, the seller is under a duty to disclose them to the buyer.
Joint Tenancy	Joint tenancy is a form of co-ownership that includes the right of survivorship.
Joint and Several Note	Promissory note on which there are two or more promisors who are jointly and severally liable.
Joint Venture	A joint venture is a contractual agreement that joins together two or more parties for the purpose of executing a particular business undertaking. All parties agree to share the profit and loss of the enterprise. A joint venture is different than a partnership in that it is undertaken only for a limited period of time, or for a specific task or project.

Judicial Foreclosure	A type of foreclosure proceeding used in some states that is handled as a civil lawsuit and conducted entirely under the auspices of the court. Other states use non-judicial foreclosure, power of sale or strict foreclosure+B498.
Jumbo Loan	A mortgage issued in an amount exceeding the threshold stipulated under Fannie Mae (FNMA) regulations for a conforming loan.
Junior Financing	This is a subordinate mortgage or loan very often given by a seller of property, second in priority to an existing loan.
K	
Kicker	An extra bonus or additional payment over and above the fixed interest already paid to an investor e.g.. A percentage of gross profits or cash flow.
L	
Latent Defect	A hidden defect, on that is not readily discoverable by mere observation. In the famous case of Johnson v. Davis it was held that sellers and their real estate agents must disclose material latent defects concerning the property to prospective buyers (or lessees).
Leasehold	A type of interest in a property that is certain only for a specified period of tie granted by contract.
Leasehold Mortgage	A mortgage given by a lessee on the security of the leasehold interest in the land.
Lease to Own	An arrangement where an individual enters into a lease agreement with an owner with the inclusion of an additional "Option to Purchase" agreement. The Option to Purchase typically gives the tenant the right to purchase the property at a predefined future date for a prespecified purchase price. Also called "Rent to Own" (RTO)
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
Leasehold	A leasehold title gives the holder a right to use and occupy land and buildings for a defined period of time. In a leasehold arrangement, actual ownership of the land, sometimes along with the buildings, remains with the landlord.
Legal Description	A written description by which property can be definitely located, and which is acceptable for registration in a land registry system.
Lending Value	The purchase price or appraised value of a property, whichever is less.
Letter of Credit	Letter issued by a bank or other lending institution promising payment to a third party in accordance with the terms of the agreement. Letters of credit may be used in situations where a deposit is required or a security, e.g.. Where a builder is about to sign a contract and has to put up security that the job will be finished; or a security deposit under a long term lease.
Letter of Explanation	A written statement which explains the reason(s) why any derogatory or negative credit actions such as late payments, collections, judgements, charge-offs or bankruptcy have occurred over time.
Leverage	Controlling a large asset with a relatively small amount of cash. In real estate for example, \$20,000 down payment (or less) can be used to purchase (control) a \$100,000 property. Upside leverage in real estate occurs when the yield or net return on property exceeds debt service for a loan. Downside or reverse leverage occurs when the debt service is greater than he net return on investment.
Liability Insurance	Insurance coverage that offers protection against claims alleging that a property owner's negligence or inappropriate action resulted in bodily injury or property damage to another party. It is usually part of a homeowner's insurance policy.
LIBOR Index	Stands for "London Interbank Offered Rate", and is the average yield of interbank offered rates for one-year U.S. dollar-denominated deposits in the London market. LIBOR is a common index used as a benchmark for adjusting mortgage interest rates in adjustable-rate mortgages
Lien	A lien is an encumbrance on property which acts as security for the payment of a debt or the performance of an obligation. A mortgage is a lien. A lender will want most, if not all, liens on a property removed before making a mortgage loan

Lien Foreclosure Sale	A lien foreclosure sale is the sale of property without consent of the owner, as ordered by a court or authorized by state law due to a debt resulting in a lien.
Life Cap	For an adjustable rate mortgage (ARM), a limit on the amount that the interest rate can increase or decrease over the life of the mortgage.
Limited Liability Company (LLC)	A form of organization that is similar to a partnership, in that recognition of income and expenses flow directly through to the owners for tax purposes (without a corporate tax), but that still permits insulation from liability similar to that of a corporation.
Limited Partnership	A limited partnership has both general and limited partners. The general partners own and operate the business and assume liability for the partnership, while the limited partners serve as investors only; they have no control over the company and are not subject to the same liabilities as the general partners.
Line of Credit (LOC)	An arrangement of standing credit extended to a borrower by a financial institution, normally a bank. A line of credit has a pre-set maximum level and interest rate, it can be borrowed from and repaid at the borrower's discretion.
Liquidity	The degree to which an asset can be quickly bought or sold in the market without affecting the asset's price. Cash is the most liquid asset while fine art and collectibles would be examples of illiquid assets.
Lis Pendens	A legal document giving notice that an action or proceeding is pending in the courts which affects the title to the designated property.
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 Agent	The Realtor who signs a contract with an owner to sell the property.
Loan Commitment	The loan commitment is the written obligation from a lending institution to provide a mortgage to a borrower
Loan Officer	Also referred to as a lender, loan representative, loan rep, account executive, etc. The loan officer serves several functions and has various responsibilities including soliciting loans, representing a lending institution and representing the borrower to the lending institution.
Loan Origination	Analysis of loan applications from prospective buyers to determine if they meet with requirements and if so, the lender will issue a commitment letter. Also how a lender refers to the process of obtaining new loans.
Loan to Value (LTV)	The amount of mortgage loan(s) against the total appraised value of the property on which the loan is secured. Normally expressed as a percentage.
Lock-In/ Rate Lock Agreement	A lock-in is an agreement by the lender guaranteeing the applicant a specified interest rate on the mortgage loan provided the loan closes within a set period of time.
Lock-In Period	The time period during which the lender has guaranteed an interest rate to a borrower.
M	
Margin	The difference between the interest rate and the index on an adjustable rate mortgage (ARM). The margin remains stable over the life of the loan. It is the index which moves up at down.
Margin of Safety	A measure of the extent to which a loan is protected by property values of operating income. In the case of a mortgage, the margin of safety is the excess of equity (at fair market value) above the outstanding amount of the loan.
Marketable Title	A title which a court of equity considers to be so free from defect that it will enforce acceptance by a buyer.
Market Expert	An investor who chooses to focus on investing in one particular real estate market. Market experts employ different investing strategies within the same market and adapt as real estate market conditions change.
Maturity Date	The last day of the term of a mortgage agreement. On this day the mortgage loan must be paid in full or the agreement renewed.
Maximum Allowable Offer (MAO)	A calculation sometimes used by investors to calculate the highest possible offer while also allowing for a 20-25% profit margin and assumes 10% for fixed costs. Often used by investors who are flipping properties. Also referred to as Fixed Cost Method.

Mechanics Lien	A claim against the state or interest of the owner in a property for labor, services, or materials supplied to it. Also known as a construction lien.
Metes and Bounds	A system of land description whereby all boundary lines are set forth by use of terminal points and angles -mete referring to a limit or limiting mark, and bounds referring to boundary lines.
MFR Dwelling (MFR Property)	A multi-family residential dwelling is a designation used to categorize anything from a duplex to a large high-rise apartment.
Minimum Holding Period	A clause or regulation sometimes included in a mortgage or legal contract which specifies the amount of time a buyer must own a property before being legally able to sell it.
Mixed-Use Property	A type of building development that blends residential, commercial, cultural, institutional, and/or industrial uses and where those functions are physically and functionally integrated within the same building or development.
Modification	Occasionally, a lender will agree to modify the terms of the mortgage without requiring a refinance. Such changes are called modifications.
Moratorium	Legislation enacted to assist debtors by postponing or suspending their contractual payments.
Mortgagee	The lender who provides the mortgage loan.
Mortgage Banker	A mortgage banker is an institution that performs services similar to those of a mortgage broker. However, a mortgage banker is also legally permitted to lend its own funds.
Mortgage Bond	A bond issued by corporations and secured by a mortgage on their property.
Mortgage Broker	A real estate professional who represents an array of banks seeking to issue mortgages. The mortgage broker meets with a customer, assists with the application, and facilitates the mortgage process on behalf of the borrower and the bank. Generally, in the case of residential mortgages, the mortgage broker is paid a fee by the bank for this service.
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 Interest Subsidy	A monthly payment by the Federal Government to a mortgagee which reduces the amount of interest the mortgagor has to pay the lender.
Mortgage Life and Disability Insurance	A type of term life insurance where, in the event that the borrower dies while the policy is in force, the policy holder's outstanding mortgage balance will be paid in full by the insurance. The amount of coverage decreases as the mortgage balance declines. Some policies also cover the borrower in the event of disability. Be careful to read the terms of coverage, however because often the coverage does not start immediately upon the disability, but after a specified period.
Mortgage Origination Fee	A fee paid to a lender for processing a loan application. It is stated as a percentage of the mortgage amount.
Mortgaging Out	Term applied to a mortgage which exceeds the current value of the property on which it is secured. This type of mortgage may be obtained on improvable property where the security is based on future value and future earnings which are expected to exceed construction costs.
Mortgagor	The borrower who pledges the property as security for the loan.
Motivated Seller	A seller who is compelled to list a property for personal reasons or has a property listing that is not attracting potential buyers and is proving unusually difficult to sell. The seller is often driven by outside factors such as finances or life events to sell a property for a price or conditions more favorable to the buyer.
Multiple Dwelling	A multiple dwelling is a structure with two or more residential units.
Multiple Listing Service (MLS)	A MLS is a central service for real estate listings available to member brokers
N	
National Association of Home Inspectors	An association of certified home inspectors similar to the American Society of Home Inspectors.

National Association of Realtors (NAR)	The NAR is the largest and most prominent trade organization for real estate brokers and agents.
National Housing Act Mortgage	A first mortgage, originated by an approved lender, granted under the terms of, and insured under, the National Housing Act 1954.
Negative Amortization	This occurs when a loan permits the borrower to make a payment that is less than the full amount required to cover the interest charge on the open balance and the shortfall is added to the mortgage principal
Net Lease	A net lease refers to a type of lease in which the tenant pays a fixed rent plus the operational costs of the property.
Net Operating Income (NOI)	The balance remaining after deduction of operating expenses from gross receipts and gross rental, but not including the deducting of debt service on mortgages. Free and clear return on property is calculated by the ratio of NOI to total investment including mortgages and equity. This gives a direct means of comparing the return on different properties
Net Worth	A person's total financial worth, calculated by subtracting total liabilities from assets.
Net Yield	The yield on an investment after the deduction of taxes and expenses. It is calculated as the annual return on an investment after taxes/expenses divided by the current price of the investment.
No Cash-Out Refinance	A refinance transaction which is not intended to put cash in the hand of the borrower. Instead the new balance is calculated to cover the balance due on the current loan and any costs associated with obtaining the new mortgage. Often referred to as a Rate and Term Refinance.
No-Cost Loan	Many lenders offer loans stated as "no-cost". This may mean there are no lender costs associated with the loan, or it may also cover other costs a borrower would normally have in a purchase or refinance such as title insurance, escrow fees, appraisal, recording fees, notary fees, etc. Similar to a no-point loan, the interest rate will typically be higher than if you obtained a loan and paid the traditional costs.
Nominal Interest Rate	Interest rate stated on the face on a loan document. However, if the loan amount is discounted or sold at premium, the effective rate of interest will either be higher or lower.
Nonconforming Use	A nonconforming use refers to the utilization of land that does not conform to the zoning ordinance for the area.
Non-recourse Loan	A clause in a loan which waives personal liability of the borrower on the loan.
Non-Traditional Credit	Where there is no history of traditional credit such as installment or revolving debt, an alternate credit report is used to show a borrowers ability to meet financial obligations. Evidence of payment such as canceled checks, copies of money orders, receipts from the payment of bills must be provided as documentation.
Note	A legal document that obligates a borrower to repay a mortgage loan at a stated interest rate during a specified period of time to a named payee.
Notice D.O.R	Notice filed in court by mortgagor under foreclosure proceedings that s/he desires an opportunity to redeem.
Notice of Default	A formal written notice to a borrower that a default has occurred and that legal action may be taken.
Notice of Lis Pendens	Notice of lis pendens is a public record warning all concerned parties that title to a property is the subject of a lawsuit and any lien resulting from the suit will attaché to the title.
O	
Oblatory Advance	An advance made according to terms of a pre-existing construction loan agreement or mortgage.
Offer	An offer is made to purchase a property at a specific price. Once an offer is accepted, then a contract of sale is issued by the seller's attorney
Open-end Mortgage	An open-end mortgage is a mortgage that may be refinanced without rewriting the mortgage contract.

Operations Team	Members of your team required to operate the business ongoing including: contractor, designer, property manager, handyman, accountant
Opportunity Cost	The return foregone by choosing one investment over another investment
Option (Option to Buy)	A right give by the owner of property to another (for valuable consideration) to buy certain property within a limited time at an agreed price.
Origination	Origination is the first step in the mortgage loan process consisting of the completion of the application
Origination Fee	A fee paid to a lender to cover the costs of processing a loan application and issuing a loan commitment. It pays for costs involved in the collection of information about the borrower's credit worthiness and the property, not including fees for appraisals, credit reports, inspections and loan document preparation. It is states as a percentage of the mortgage amount.
Other People's Money (OPM)	Sources of funds that do not come from the investor's own pocket but borrowed from others, for instance from(family, friends, private lenders, etc.)
Owner	The lawful possessor of the title to real property.
Ownership in Severalty	Ownership in severalty is title to real property held in the name of one person only
Owner Will Carry (OWC)	OWC is an abbreviation in real estate listings used to indicate the option for seller financing.
P	
Package Loan	Combination of two types of loan, e.g., construction loan and permanent financing. The borrower benefits by only having to negotiate with a single lender and only having to pay a single set of closing costs.
Partial Discharge	A discharge of a definite portion of the mortgage lands usually given after the mortgagor has prepaid a specific portion of the mortgage debt.
Partnership	A legal form of business operation between two or more individuals who share management and profits. The federal government recognizes several types of partnerships. The two most common are general and limited partnerships.
Passive Appreciation	The increase in property value driven by external market forces
Passive Loss	A passive loss is a loss generated by investment real estate when real estate is not the taxpayer's primary business. Loss in excess of income may not be fully recognized for tax purposes in the year it was incurred.
Payment Change Date	The date when a new monthly payment amount takes effect on an adjustable rate mortgage (ARM) or graduated payment mortgage (GPM). Generally the payment change date occurs in the month immediately after the interest rate adjustment date.
Peak Stage of Real Estate Market Cycle	The period of the real estate market cycle characterized by plateauing property prices and rental rates and an over supply of inventory. During the "peak" supply, especially in new construction begins to outpace demand and vacancy rates begin to stagnate or increase. Also referred to as Expansion Phase.
Peer-to-Peer Lending (P2P)	A method of debt financing that enables individuals to borrow and lend money without the use of an official institution as an intermediary. Often P2P lending is done via online services that match lenders with borrowers. Also known as "social lending", "crowd lending" or "crowd funding"
Percentage Lease	A percentage lease refers to a lease that has a rental amount that is a combination of a fixed amount plus a percentage of the lessee's gross sales.
Percentage Rental Against Minimum	A rental paid under a percentage lease whereby rent paid by a tenant varies according to volume of business
Percentage Rent Plus Minimum	A percentage rental which must be paid in addition to the minimum, i.e. minimum rent is not credited against percentage rent payable.
Percent Paid Off	The percent of principal which is paid off at a given time under an amortization schedule, i.e. equity build up

Perfecting a Loan	When a loan is issued against a personal property, it is recorded in the county clerk's office against the name of the borrower. The recording process perfects a security position against the collateral
Periodic Payment Cap	For an adjustable rate mortgage where the interest rate and minimum payment amount fluctuate independently of one another, this is the limit on the amount payments can increase or decrease during any one adjustment period.
Periodic Rate Cap	For an adjustable rate mortgage, a limit on the amount that the interest rate can increase or decrease during one adjustment period, regardless of how high or low the index may be.
Permanent Financing	A long-term mortgage usually intended to finance both land and improvements after completion of construction and used to pay off a construction loan
Personal Liability	A person liable on a debt to the full extent of his entire assets, as opposed to limited liability where a maximum or a ceiling is fixed on the amount of assets that can be drawn upon to satisfy a debt. Joint and several liability fixes the liability of each individual borrower for the total debt; joint liability binds all the borrowers together in one action; and several liability fixes the liability of each borrower to the extent of his share of the debt.
Phantom Ad	An tool used by Keyspire investors as part of The Income Analyzer™ to gauge tenant demand for a specific unit at a specified rental rate. The investor creates a test rental ad based on a property or unit they plan to purchase and measures the response to the ad within the first days of posting.
Phantom Gain	A sale of real estate in which income is recognized for tax purposes but no money has been received correlating to the gain amount. This can occur when the property's basis has been depreciated below the property's mortgage amount
PITI Reserves	A cash amount that a borrower must have on hand after making a down payment and paying all closing costs for the purchase of a home. The principal interest, taxes and insurance (PITI) reserves must equal the amount that the borrower would have to pay for PITI for a predefined number of months.
Planned Unit Development (PUD)	A type of ownership where individuals actually own the building or unit they live in, but common areas are owned jointly with other members of the development or association.
Plat	A plat is a property map that is part of the public record
Points	Points refer to the payment made to a lender as consideration for issuing a mortgage, usually based on a percentage of the loan amount. Each point is equal to 1% of the principal of the mortgage
Portfolio	A group of financial assets and investments held by a person or business entity.
Portfolio Loan	A loan made by a lender which will not be sold in the secondary market but will be held by the lender as an asset.
Power of Attorney	A legal document that authorizes another person to act on one's behalf. A power of attorney can grant complete authority or can be limited to certain acts and/or certain periods of time.
Power of Sale	Power of Sale, also known as Statutory Foreclosure is allowed in many states if the mortgage includes a power of sale clause. After a homeowner defaults, the lender sends out notices demanding payments. Once an established waiting period has passed the mortgage company, rather than the local courts or sheriff's office carries out a public auction.
Pre-Approval	A pre-approval is a process in which a conditional commitment is issued after a loan profile is underwritten with all standard documentation except a property appraisal and a title search
Prepayment Penalty	The sum of money (the amount of extra interest as set out in the mortgage document) a mortgagee may require from a mortgagor to exercise the option in a mortgage to prepay any outstanding principal.
Pre-Qualification	A pre-qualification is a process in which a loan officer calculates the housing-to-income ratio and the total debt-to-income ratio to determine an approximate maximum mortgage loan amount
Price-to-Earnings Ratio (P/E Ratio)	The price-to-earnings ratio is the common metric used to assess the relative valuation of equities. To compute the P/E ratio in the case of a rented house, divide the price of the house by its potential earnings or net income, which is the market rent of the house minus expenses, which include maintenance and property taxes. This formula is: House P/E Ratio = House Price / Rent-Expense

Price-to-Income Ratio	It is the basic affordability measure for housing in a given area. It is generally the ratio of median house prices to median familial disposable incomes, expressed as a percentage or as years of income. This ratio, applied to individuals, and also referred to as "attainability", is a basic component of mortgage lending decisions
Price-to-Rent Ratio	The price-rent ratio is the average cost of ownership divided by the received rent income (if buying to let) or the estimated rent that would be paid if renting (if buying to reside). This formula is: House Price-Rent ratio = House Price / Monthly Rent x 12
Prime Rate	The interest rate that banks charge to their preferred customers. Changes in the prime rate are normally widely publicized in the media and used as the indexes for variable rate products such as mortgages and lines of credit.
Principal	The amount of money borrowed.
Principal, Interest, Taxes, and Insurance (PITI)	The four components of a monthly mortgage payment on impounded loans.
Principal Recapture	The portion of the mortgage payment that is allocated to principal balance payoff
Private Lending	A private money lender is a non-institutional (non-bank) individual or company that loans money, generally secured by a note and deed of trust, for the purpose of funding a real estate transaction. Private lenders can be friends, family, or professionals (i.e. doctors, attorneys) who are willing to lend money on real estate. Interest rates are generally between institutional lenders and hard money lenders.
Private Mortgage Insurance (PMI)	Mortgage insurance that is provided by non-government insurers that protects lenders against loss if a borrower defaults. Most lenders generally require PMI for a loan with an LTV in excess of 80%.
Processing	Processing is the second step in the mortgage application process which involves the verification of information stated on the application. Credit reports and the appraisal are also ordered at this time
Progress Advances	Loan advances made on a property under construction whereby the lender makes advances on the basis of the retention at all times of an amount of the loan which in his/her opinion will be sufficient to complete the building should the borrower fail to complete it.
Public Auction	A meeting in an announced public location to sell property to repay a mortgage that is in default.
Purchase Agreement (Purchase and Sale Agreement, Sales Contract)	A written contract signed by the buyer and seller stating the terms and conditions under which a property will be sold.
Purchase-Money Mortgage	A mortgage loan taken back by the seller of property in lieu of purchase money in order to help finance the buyer.
Q	
Qualifying Ratios	Calculations used to determine whether a borrower can qualify for a mortgage. There are two ratios: The top or front ratio is a calculation of the borrowers monthly housing costs as a percentage of monthly income. The back or bottom ratio includes housing costs as well as other monthly debts.
Quantum Merit	The amount that should be paid as merited by the service performed
Quit Claim Deed	A general release of all claims or rights to a parcel of land.
Quadruplex	A quadruplex is an apartment with four levels
R	
Rate Cap	A rate cap is the limit on interest rates during the term of an adjustable rate mortgage.
Rate Lock	The rate lock is an agreement between the borrower and the mortgage lender that guarantees a rate for a set period of time (typically 30, 60 or 90 days)

Real Estate Market Cycle	The movement of the real estate market over time based largely on economic, demand, supply, and population factors. The real estate market cycle is often defined as having four phases: Boom, Peak, Slump, Recovery
Real Estate Broker	A real estate broker is an individual employed on a fee or commission basis as an agent to bring buyers and sellers together and assist in negotiating real estate contracts between them
Real Estate Investment Trust (REIT)	An REIT is a trust owned by shareholders that buys and initiates mortgage loans.
Real Estate Owned Property (REO Property)	A term used to describe a class of property owned by a lender after an unsuccessful sale at a foreclosure auction.
Real Estate Settlement Procedures Act (RESPA)	RESPA is a federal law that regulates the activities of lending institutions in making mortgage loans. This consumer protection law requires lenders give borrowers advance notice of closing costs.
Realtor	A trademark name for a real estate representative who is a member of an organization of persons engages in the business of buying and selling real estate, such as the National Association of Realtors (NAR).
Real Property	Land and appurtenances, including anything of a permanent nature such as structures, trees, minerals and the interests, benefits and inherent rights thereof.
Real Property Tax Lien	This lien is a tax levied against real property by the local government and has priority over all other liens.
Recorder (Registrar of Deeds, County Clerk)	The public official who keeps records of transactions that affect real property in the area.
Recording	Recording is registering the ownership, lien, or claim of a party to a specific parcel of real estate with the local county.
Recording Fees	Recording fees are the fees charged by the recorder's office to record a document such as a mortgage, deed of trust, deed and UCC Financing Statement
Recovery State of Real Estate Market Cycle	The period in the real estate market cycle during which the market begins recovering from its last "slump" or downturn. The market is no longer moving downward and begins to look upward. Property prices, rental and vacancy rates plateau and begin to move toward slow, incremental increases.
Redeemable Tax Deed	Is between a tax lien and a tax deed. When an investor goes to a redeemable tax deed state, they actually purchase the deed to the property. The deed, however is encumbered for a period of time known as the redemption period (not to be confused with the redemption period for tax liens). The owner can redeem the property by paying the amount that was bid for the deed at the tax sale plus a penalty. If the deed is not redeemed during the redemption period, the tax deed holder becomes the new owner of record and legal owner of the property. Five states are redeemable deed states: Texas, Connecticut, Georgia, Hawaii, and Tennessee.
Redemption	The buying back of a mortgage estate by payment of the sum due on the mortgage.
Redemption Period	A period of time allowed by law during which a mortgagor may redeem his property by paying off the entire debt in arrears.
Redlining	Redlining is the resistance of lending institutions to make loans for the purchase, construction, or repair of a dwelling due to the socio-economic conditions of the property's location.
Refinancing	Refinancing are the proceeds of a new loan used to pay off an existing mortgage on the same property
Refinance fees	Any payable fees or penalty costs associated with the refinancing process including but not limited to those from a financial institution, appraisal, legal and/or administrative fees.
Registration and Discharge Dates	Dates of registration by number and date in the local Registry Office and/or Land Titles, then given to the mortgagee. When the loan has been paid in full at or after maturity date, then the mortgagee executes the "discharge" or cessation of charge and registers same to liquidate the mortgage and allow the mortgagor to redeem the mortgage.

Release of Covenant	A release given to the mortgagor of a property that has been sold to a new buyer who is acceptable to the mortgagee. This release is usually given after the new mortgagor has signed an assumption agreement.
Rehab Property	A property that requires renovations.
Renewal Agreement	An agreement whereby the lender may agree to extend the loan, but possibly on revised terms as to principal repayments and interest rate.
Rental Hold Back Standby Loan	A hold back is an amount withheld from the borrower under permanent financing until a certain occupancy rate is achieved. As this deprives the construction lender of full takeout protection, the developer may obtain a standby loan commitment to supplement the hold back.
Rental Requirements	This is the "ceiling" portion of a permanent loan commitment that is advanced upon reaching a minimum rental or occupancy rate.
Rental Value	The monetary amount reasonably expectable for the right to the agreed use of real estate. It may be expressed as an amount per month or other period of time, or per room, per front foot, or other unit of property.
Rent Economic	Is the income that real estate can command in the open market at any given time for its highest and best use.
Rent Loss Insurance	Insurance that protects a landlord against loss of rent or rental value due to fire or other casualty that renders the leased premises unavailable for use and as a result of which the tenant is excused from paying rent.
Repair and Maintenance	An estimated amount set aside to repair the property during the year.
Repayment Plan	An arrangement made to repay delinquent installments or advances.
Replacement Reserve Fund	A fund set aside for replacement of common property in a condominium, PUD or cooperative project - particularly that which has a short life expectancy such as carpeting or furniture.
Rests	The periodical balancing of an account made for the purpose of converting interest into principal, and charging the party liable thereon with compound interest.
Return on Investment (ROI)	The measurement of return on an investment, relative to the capital invested. ROI is calculated as the 4 Ways to Win over Capital Invested and expressed as a percentage.B147
Reverse Annuity Mortgage	A reverse annuity mortgage is a type of mortgage that retirees on fixed incomes can use to generate income out of the equity in their homes while they continue to live in the home.
Reversion	The right to repossess and resume the full and sole use and proprietorship of real property which temporarily has been alienated by lease, easement or otherwise. According to the terms of the controlling instrument, the reversionary right becomes effective at a stated time or under certain conditions such as the termination of a leasehold, abandonment of a right-of-way, or at the end of the stimulated economic life of the improvements. The present or discounted value of something to be collected at some future date.
Right of Assignment	The right of assignment allows the lender to sell a mortgage at any time and obtain money invested rather than wait for the completion of the loan term.
Right of First Refusal	A provision in an agreement that requires the owner of a property to give another party the first opportunity to purchase or lease the property before the owner offers it for sale or lease to others.
Right of Survivorship	The right of survivorship is the right of an owner to receive the title to a co-owner's share upon death of the co-owner, as in the case of joint tenancy and tenancy by the entirety.
Riparian Rights	The rights of the owners of land on the banks of watercourses, to take advantageous use of the water on, under, or adjacent to his/her land, including the right to acquire discretions, wharf slips, and fish therefrom.
Running with the Land	A covenant is said to run with the land when it extends beyond the original parties to the agreement and binds all subsequent owners to either liability to perform it or the right to take advantage of it.

S	
S-Corporation (S-Corp)	An S-corporation is a special type of corporation created through an IRS tax election. An eligible domestic corporation can avoid double taxation by electing to be treated as an S-corporation. An LLC can request S-Corporation status.B58
Sale and Leaseback (Sale-Leaseback)	A method of financing where a property is sold to a buyer who simultaneously enters into a long-term lease of the property with the seller. The seller (now lessee) remains in possession for the specified term of the lease and covenants to pay the rental to this buyer (now lessor) as well as all operation expenses. This enables the user to free his cash investment in the real property for some other use.
Sales Hold Back	A percentage of the principal amount of the mortgage held back by the mortgagee until the property in question has been sold to a party satisfactory to the mortgagee.
Sandwich Lease	A lease in which the "sandwich party" is the lessee of one party and the lessor to another. Usually, the owner of the sandwich lease is neither the fee owner or the user of the property.
Satisfaction of Mortgage	The satisfaction of mortgage indicates that a mortgage has been paid in full
Sealed and Delivered	A term indicating that a conveyer has received adequate consideration as evidenced by his/her voluntary delivery. The word "sealed" adds more strength, since under old conveyancing law an official seal was used as a substitute for consideration.
Second Mortgage	An additional mortgage on a property that already has a mortgage.
Secondary Market	A city, municipality, or neighborhood that is smaller, has less real estate activity, and/or lower prices than a primary market.
Secondary Mortgage Market	A system whereby lenders and investor buy existing mortgage as long-term investments, and in doing so provide greater availability of funds for mortgage loans by banks, mortgage bankers and savings or loan associations.
Secured loan	A loan that is backed by collateral.
Self-Directed 401k	Similar to a Traditional 401k plan but the employee acts as the fund manager and has a broader array of investment options to choose from.
Self-Directed IRA	A retirement account in which the individual investor is in charge of making all investment decisions. A self-directed IRA provides investors opportunity for diversification outside of traditional stocks, bonds, mutual funds to real estate, private tax liens, notes, etc. All self-directed IRAs are administered by a custodian or trustee.
Seller Contribution	The seller contribution is a payment by the seller of a property of some, or all, of the buyer's closing costs
Seller's Market	More buyers are looking for homes than there are homes for sale. There is a smaller inventory of homes available for sale and many buyers looking to purchase. House prices generally increase and homes sell quickly.
Servicing	Servicing are activities the lender performs such as collecting the payments and/or paying taxes and insurance from an escrow account.
Servient Tenement	An estate or land over which an easement or some other service exists in favor of the dominant tenement.
SFR Certification	A real estate agent certification course which focuses on Short Sales and Foreclosure Resource Certification.
SFR Property	An SFR Property stands for Single Family Residential and is a designation used to categorize how the property will be used. SFR means a single family will live in the property and its not zoned as a duplex, triplex or multi-family option with more than one unit.
Shareholder Agreement	An arrangement among a company's shareholders describing how the company should be operated and the shareholders' rights and obligations. It also includes information on the regulation of the shareholders' relationship, management of the company, ownership shares, privileges and protection of shareholders.
Short Form Mortgage	Mortgage document which follows the exact language of the long form prescribed by law but is abbreviated, using shortened terminology, at the same time having the identical legal effect.

Short Sale	A sale of a house in which the proceeds fall short of what the owner still owes on the mortgage. Some lenders will agree to accept the proceeds of a short sale and forgive the rest of what is owed on the mortgage when the owner cannot make the mortgage payments. By accepting a short sale the lender can avoid a lengthy and costly foreclosure.
Slump Stage of Real Estate Market Cycle	The period in the real estate market cycle during which supply outweighs demand. Property values and rental rates decrease, vacancy increases, and new construction/development decreases. Also referred to as Recession Phase.
Sole proprietorship	A business entity that is owned and operated by own person and there is no legal distinction between the owner and the business. All profits, debts, liability and obligations are the responsibility of the sole owner.
Standing Mortgage	A standing mortgage is an interest-only mortgage with no principal reduction over time. See "Balloon Mortgage"
Statement of Adjustment	A balance sheet statement that indicates credits to the seller - for example, the purchase price - and any prepaid taxes and credits to the buyer, such as the deposit, and the balance due on closing.
Status Certificate	See Estoppel Certificate
Statutory Foreclosure	See Power of Sale.
Statute of Limitations	That period of time specified by statute within which an action at law must be brought or else be forfeited.
Statute of Frauds	A law which provides that certain contracts must be in writing in order to be enforceable at law. It includes real estate contracts.
Step Down Lease	A lease providing for decreases in rental payment at specified dates.
Step Up Lease	The opposite of a step-down lease
Strategy Expert	An investor who chooses to focus on one particular real estate investing strategy. Strategy experts choose identify key market conditions to maximize their strategy returns and move real estate markets as market conditions change.
Strict Foreclosure	A small number of states allow for strict foreclosure. In strict foreclosure proceedings, the lender files a lawsuit on the homeowner that has defaulted. If the borrower cannot pay back the mortgage within a specified period of time ordered by the court, the property goes directly back to the mortgage holder.
Subordinate Financing	Any mortgage or other lien that has a priority that is lower than that of the first mortgage.
Super Jumbo Loan	This is a loan that exceeds \$1,000,000.
Survey	A document that illustrates the property boundaries and measurements, specifies the location of buildings on the property, and indicates any easements or encroachments.
Sweat Equity	Contribution to the construction or rehabilitation of a property in the form of labor or services rather than cash.
SWOT Analysis	A structured planning method that evaluates the strengths, weaknesses, opportunities and threats of a project or business venture.
T	
Takeout Mortgage Loan	A long term mortgage loan that is advanced to borrower on completion of construction or in compliance with any other conditions in the loan commitment. The funds are normally used to pay off or take out the construction lender.
Tax Deed	A legal document that grants ownership of a property to a government body when the property owner does not pay the taxes due on the property. A tax deed gives the government the authority to sell the property to collect the delinquent taxes and transfer the property to the buyer. Some states are considered "Tax Deed States", while others use Tax Liens, Redeemable Tax Deeds, or a hybrid system.

Tax Lien	A lien imposed by a taxing authority on real estate for failure to pay taxes within the time required by law. Some states are considered "Tax Lien States", while others use Tax Deeds, Redeemable Tax Deeds, or a hybrid system.
Tenancy in Common	Tenancy in common is co-ownership that does not include the right of survivorship
Term Mortgage	A term mortgage is a mortgage with interest payments only during the mortgage term, with the principal due at the end of the term.
The Income Analyzer™	A two-step process used by Keyspire investors to determine the average market rent and gauge tenant demand for a particular property or rental unit.
The R-Zone™ of the Real Estate Market Cycle	A Keyspire term to describe the period in the real estate market cycle after the Peak Stage at the beginning Slump Stage during which investors move their focus away from acquiring investments and instead focus on building their network and relationships with service providers.
The 3 Investing Streams™	Keyspire's real estate investment classification system which categorizes investments into Properties, Private Lending or Private Equity
The 4 Ways to Win™	Keyspire's straightforward, universal system for evaluating real estate investments impartially. The 4 Ways to Win are: Cash Flow, Principal Recapture, Passive Appreciation and Active Appreciation. The 4 Ways to Win apply to all three investing streams.
Third-Party Origination	A process by which a lender uses another party to completely or partially originate, process, underwrite, close, fund or package the mortgages it plans to deliver to the secondary mortgage market.
Time is of the Essence	Requires punctual performance of a contract on closing date and is indicated by so stating as in an Agreement of Purchase and Sale.
Title	The legal evidence of ownership of a property.
Title Insurance	A policy which insures the lender against loss due to a flaw in the title of property held as collateral for a mortgage.
Title Search	Title search is a process that examines local public records, laws and related court decisions to determine if any other parties have valid claims against the subject property (such as past due taxes, judgments or mechanics' liens). It also discloses past and current facts about the subject property's ownership.
Title Transfer Tax	Title transfer tax is a tax imposed on the conveyance of title to real property by deed.
Top Ratio	See Housing Expense Ratio
Total Debt Service Ratio (TDS)	The percentage of gross annual income required to cover all payments for housing and all other debts, such as car payments.
Traditional 401k Plan	Besides the elective deferral contributions that an eligible employee would make, employers also have the option to make a contribution on behalf of their employees. If an employee leaves the organization before a pre-specified period the employer contributions may be forfeited. Traditional 401k plans require that employers not discriminate between employees, contributions must be the same for all employees.
Transaction Team	Members of your team who are required to facilitate the transaction of property,
Transfer	To convey from one person to another.
Transfer of Charge	Assignment of a mortgage under the Land Titles System
Transfer Tax	State or local tax payable when title passes from one owner to another.
Treasury Index	The Treasury Index is the weekly average yield on US Treasury securities adjusted to a constant maturity of one, three or five years, as made available by the Federal Reserve Board.
Triple Mint	Triple mint condition refers to a residence that is in immaculate condition
Triple Net Lease	Triple net lease refers to a condition when the lessee pays all the expenses associated with the property in addition to the rent.
Triplex	A triplex is an apartment that has three levels
Truth-In-Lending	A federal law that requires lenders to fully disclose, in writing, the terms and conditions of a mortgage, including the annual percentage rate (APR) and other charges.

Turnkey Property	A property that is full renovated or in move-in condition. The property may be purchased fully tenanted, with property management in place or ready for tenants to move in immediately
Two-Step Mortgage	An ARM mortgage that has one interest rate for the first 5-7 years of its mortgage term and a different interest rate for the remainder of the amortization term.
U	
Umbrella Mortgage	Also referred to as a wraparound mortgage, a special arrangement whereby one document encompasses one or more already existing mortgages registered on the same property. The mortgagee is responsible for remission of payment(s), to lender(s), while the mortgagor makes one payment to the mortgagee. Not to be confused with a blanket mortgage.
Unannounced Visit	A property management strategy used by Keyspire investors to determine the suitability of a tenant applicant by visiting their current residence under the pretext of reviewing the lease agreement or to meet their pet(s). This enables landlords to assess how tenants maintain and live in their current property.
Unencumbered Property	Unencumbered property is property that is free of any lien.
Underperforming Property	A property that is not performing to its full potential and has the opportunity to be better managed or better utilized in order to increase return on investment and garner higher income. A property may be underperforming due to poor property management, an inattentive landlord, tenants paying below market rent, or have the opportunity to be split in additional rental units.
Underwriter	A person employed by a mortgage lender or mortgage broker who approves or turns down loan applications based upon the quality of the real property, credit-worthiness and ability to pay of the applicant and guidelines of the lender with regard to ratio of mortgage loan to value of property.
Uniform Residential Landlord Tenant Act (URLTA)	Ratified in 1972, the URLTA is the closest document the U.S. has to a "federal" landlord tenant law. In 2013, the National Conference of Commissioners revised the Act adding 13 new articles. State participation is encouraged but not mandatory. Many states have adopted parts of the Act and 21 states have ratified to follow the Act.
Unique Value Proposition (UVP)	A Keyspire term to describe the unique attributes and skills you bring to your business or investments to add value and find success
Useful Life	Useful life is the period of time that a property is expected to be economically useful
Usury	Usury is charging a rate of interest higher than the rate allowed by law.
V	
Vacancy Rate	The vacancy rate is the projected rate of the percentage of rental units that will be vacant in a given year.
VA Guaranteed Loan	A VA guaranteed loan is a mortgage loan in which the loan payment is guaranteed to the lender by the Department of Veteran Affairs
Valid	Having force or binding force, legally sufficient and authorized by law
Valuable Consideration	The granting of some beneficial right, interest, profit, or suffering of some detrimental forbearance, loss or default by one party in exchange for the performance of another.
Value Add Statement (VAS)	A Keyspire term to describe your personal self-introduction or elevator pitch. Your VAS explains who you are, the focus of your business, and most importantly how you can add value to the person you are speaking to. The Value Add Statement is used by Keyspire investors when networking to explain what the investor can do for you, or how the investor can solve your problem and add value at the same time.
Verification of Employment (VOE)	A form sent to the borrower's employer to verify the borrower's employment and employment history.
Vested	Having the right to use a portion of a fund such as an individual retirement fund. For example, individuals who are 100% vested can withdraw all of the funds that are set aside for them in a retirement fund. However taxes may be due on any funds that are actually withdrawn.
Vesting Options	Vesting options are choices buyers have in how to acquire property.

Veterans Administration (VA)	An agency of the federal government that guarantees residential mortgages made to eligible veterans of the military services. The guarantee protects the lender against loss and thus encourages lenders to make mortgages to veterans.
Vicarious Liability	Vicarious liability is one person being responsible for the actions of another.
Video Walkthrough	A Keyspire property management strategy in which the landlord/property manager completes a video-recorded pre-move-in inspection with the new tenant. The video inspection notes the condition of the property at the time of tenant move-in and can be used as evidence in the event of a landlord-tenant dispute. A copy of the video walkthrough is given to the tenant as part of their welcome package with a written inspection report and copy of their lease agreement.
W	
Wholesaling	A real estate strategy where an investor puts a property under contract, markets the home to potential buyers and then assigns the contract to a buyer. The wholesaler assigns the contract for a consideration and the property transaction is closed by the buyer.
Witness	To subscribe one's name to a deed, will or other document for the purpose of attesting its authenticity and proving its execution by testifying, if required.
Wraparound Mortgage	See umbrella mortgage
Writ of Attachment	A writ of attachment is a court order preventing any transfer of attached property during litigation.
X	
Y	
Yield	The return on an investment expressed as a percentage per annum of the amount invested.
Z	
Zoning	The public regulation of the character and intensity of the use of real estate through the employment of the police power. This is accomplished by the establishment of districts in each of which uniform holding restrictions related to use, height, area, bulk, and density of population are imposed upon the private property.
Zoning Ordinance	Zoning ordinance is a statement settling forth the type of use permitted under each zoning classification and specific requirements for compliance.



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