NY Real Estate Exam Glossary

The vocabulary the New York Salesperson exam actually tests, A to Z.

A

Abatement	A reduction in something owed, such as a property tax abatement granted by a municipality. In NYC, the 421-a tax abatement reduces property taxes for new construction for a set period.
Abstract of Title	A condensed history of recorded documents affecting title to a parcel — deeds, mortgages, liens, judgments. Used to evaluate marketable title.
Acceleration Clause	A mortgage provision that allows the lender to demand the entire balance immediately upon default.
Acceptance	Unqualified agreement to the terms of an offer. Any change creates a counter-offer instead and terminates the original offer.
Accord and Satisfaction	Settlement of a debt or dispute by agreeing to accept something different from what was originally owed.
Accretion	Gradual addition to land through natural deposit of soil along a water boundary. The opposite of erosion.
Acknowledgment	A formal declaration before a notary that the signer executed a document voluntarily. Required for recording most deeds and mortgages in NY.
Acre	A unit of land area equal to 43,560 square feet. A square one-acre lot measures roughly 209 feet on each side.
Adverse Possession	Acquisition of title to real property by occupying it openly, continuously, and exclusively for the statutory period — 10 years in NY for adverse possession against private owners.
Affidavit of Title	A sworn statement by the seller confirming no undisclosed liens, judgments, or other title defects exist since the title search was completed.
Agency	The fiduciary relationship between a principal and an agent. In NY, agency relationships must be disclosed in writing at first substantive contact.
Agency Disclosure Form	A written form required in NY at the first substantive contact about a specific property, disclosing whether the licensee represents the buyer, seller, or both.
Amortization	The gradual repayment of a loan through scheduled payments of principal and interest over time.
Appraisal	An estimate of a property's market value, prepared by a licensed appraiser using approaches like sales comparison, cost, and income capitalization.
Appurtenant Easement	An easement that benefits a specific neighboring parcel (the dominant estate) and runs with the land. Compare with easement in gross.

Article 12-A	The section of NY Real Property Law that governs real estate brokers and salespersons — licensing, supervision, advertising, escrow, agency disclosure, discipline, and ethics.
Assessed Value	The value placed on property by a municipal tax assessor for the purpose of calculating property tax. Not necessarily market value.
Assignment	Transfer of contract rights or interests from one party to another. Compare with novation.

B

Balloon Mortgage	A loan with regular payments that don't fully amortize, leaving a large lump-sum payment due at maturity.
Bilateral Contract	A contract in which both parties exchange mutual promises. A real estate purchase contract is bilateral.
Blockbusting	Illegal practice of inducing owners to sell by suggesting that the racial, ethnic, or religious composition of the neighborhood is changing. Prohibited under federal and NY fair housing law.
Broker	A real estate licensee qualified to operate independently and supervise salespersons. In NY, brokers must hold an Article 12-A license issued by the DOS.
Buffer Zone	An area of land separating two different land uses, often residential from commercial or industrial.
Bundle of Rights	The legal rights of ownership: possess, use, enjoy, exclude others, dispose of, and encumber. Real property ownership conveys this bundle subject to government powers and private restrictions.

C

Capitalization Rate	Net operating income divided by property value. Used to estimate value of income property.
Caveat Emptor	"Let the buyer beware." The buyer is responsible for inspecting property; the seller is generally not required to disclose patent defects, though NY law requires a Property Condition Disclosure Statement for most 1-4 unit residential sales.
Closing	The final step in a real estate transaction where ownership transfers, funds disburse, and the deed is delivered.
Cloud on Title	Any encumbrance or claim that may impair the marketability of title — an unpaid lien, an unresolved court order, an old recorded interest.
CMA (Comparative Market Analysis)	A broker's estimate of a property's likely sale price based on recently sold comparable properties. Not a formal appraisal.
Co-op (Cooperative)	A form of multi-unit residential ownership common in NYC where the building is owned by a corporation and residents own shares plus a proprietary lease for their unit.
Color of Title	An apparent but invalid claim to title, such as a deed that is defective. Relevant in adverse possession claims.

Commingling	Mixing client or escrow funds with the broker's own funds. Strictly prohibited under NY license law — a serious violation.
Commission	Compensation paid to a broker for services, typically a percentage of the sale price. In NY, salespersons receive their commission only through their sponsoring broker.
Common Elements	Areas of a condominium or co-op shared by all owners — hallways, roof, lobby, mechanicals. Maintenance is funded by common charges.
Comparables (Comps)	Recently sold similar properties used to estimate the value of a subject property in a CMA or appraisal.
Condemnation	Government taking of private property for public use under eminent domain, with required just compensation.
Condominium	A form of ownership where the owner holds fee simple title to a unit plus an undivided interest in the common elements.
Conformity	An appraisal principle holding that property reaches maximum value when surrounded by similar properties.
Consideration	Something of legal value exchanged between parties — money, services, a promise. Required for a valid contract.
Contingency	A condition that must be satisfied for a contract to remain binding. Common contingencies include financing, inspection, and appraisal.
Conventional Loan	A mortgage not insured or guaranteed by a government agency (not FHA, VA, or USDA). Usually requires PMI if LTV exceeds 80%.
Counter-Offer	A response that changes any term of an offer. It rejects the original offer and creates a new offer the original party can accept, reject, or counter.
Covenant	A binding agreement, especially a promise in a deed or lease. Restrictive covenants limit how the property may be used.
Curtesy / Dower	Historical common-law spousal rights in real property. Abolished in NY and replaced by elective share rights under EPTL.

D

Deed	A written legal instrument that transfers title to real property from the grantor to the grantee. Must be delivered and accepted to be effective.
Deed in Lieu of Foreclosure	An agreement where the borrower deeds the property to the lender to avoid foreclosure.
Default	Failure to perform a contractual obligation — typically failure to make mortgage payments.
Deficiency Judgment	A court judgment for the difference between the foreclosure sale price and the outstanding loan balance. NY restricts deficiency judgments on most residential mortgages.
Depreciation	Loss in property value from physical wear, functional obsolescence, or external factors. Also a tax deduction for income property owners.

Designated Agent	A licensee designated by a broker to represent one party (buyer or seller) in a transaction. Permits a single brokerage to represent both sides via designated agents with informed consent.
DOS (NY Department of State)	The state agency that licenses and regulates NY real estate brokers and salespersons through the Division of Licensing Services.
Dual Agency	A situation where one agent represents both buyer and seller in the same transaction. In NY, requires written informed consent from both parties.

E

Easement	A right to use another's land for a specific purpose — a utility right-of-way, an access path. Runs with the land if appurtenant.
Easement Appurtenant	An easement that benefits the owner of an adjacent parcel (the dominant estate) and burdens the servient estate. Transfers with property ownership.
Easement in Gross	An easement that benefits a person or entity rather than a parcel — typical of utility easements.
Eminent Domain	The constitutional power of government to take private property for public use upon paying just compensation.
Encroachment	An unauthorized intrusion of one property onto another — a fence over the line, a roof overhang.
Encumbrance	Anything that affects or limits title to property: a lien, easement, deed restriction, or encroachment.
Equity	The owner's interest in property — market value minus liens and other encumbrances.
Escheat	Reversion of property to the state when an owner dies without heirs and without a will.
Escrow	Funds or documents held by a neutral third party until contract conditions are met. NY license law requires brokers to maintain client escrow funds in segregated accounts.
Estate at Will	A tenancy that continues for an indefinite period and can be terminated by either party with proper notice.
Estate for Years	A tenancy with a defined start and end date — the most common commercial lease form.
Estoppel Certificate	A signed statement by a tenant or lender confirming the current status of a lease or loan — used to give certainty to a buyer or new lender.
Exclusive Agency Listing	A listing where the broker is the only agent authorized but the seller retains the right to sell without paying commission if they find the buyer themselves.
Exclusive Right to Sell Listing	A listing where the broker earns commission no matter who finds the buyer — including the seller. The most protective form for the broker.

F

Fair Housing Act	Federal law (42 U.S.C. §3601) prohibiting discrimination in housing based on race, color, religion, sex, national origin, familial status, and disability. NY adds additional protected classes.
Fee Simple Absolute	The highest form of property ownership — full rights, no time limit, inheritable. The default in NY unless restricted.
FHA Loan	A mortgage insured by the Federal Housing Administration. Allows lower down payments (3.5%) for qualifying borrowers.
Fiduciary Duties	The duties an agent owes a principal: loyalty, obedience, disclosure, confidentiality, accountability, and reasonable care (often remembered as OLD-CAR).
Foreclosure	The legal process by which a lender seizes and sells mortgaged property after default. NY uses judicial foreclosure — requires court action.
Fraud	Intentional misrepresentation of a material fact to induce someone to act, causing damage. A serious licensing violation under Article 12-A.

G

General Lien	A lien attaching to all of a debtor's property, not just one parcel — judgment liens and tax liens are general.
Grant	The act of conveying title from grantor to grantee, usually through a deed.
Grantor / Grantee	Grantor = the party transferring an interest. Grantee = the party receiving it.
Gross Lease	A lease where the landlord pays all operating expenses (taxes, insurance, maintenance). Common in residential.
Gross Rent Multiplier (GRM)	Sale price divided by monthly gross rent. A quick valuation tool for small income properties.

H

Highest and Best Use	The legally permissible, physically possible, financially feasible, and most productive use of a property.
HOA (Homeowners Association)	An organization that manages shared community amenities and enforces covenants in planned communities and condominiums.

I

Implied Contract	A contract created by conduct rather than express words.
Income Approach	An appraisal method that values property based on the income it generates — most appropriate for commercial and investment property.
Independent Contractor	Most NY real estate salespersons work as independent contractors of their sponsoring broker rather than as employees, though the broker still supervises licensed activity.

J

Joint Tenancy	Co-ownership with the four unities (time, title, interest, possession) and the right of survivorship — the deceased owner's share passes automatically to surviving joint tenants.

L

Land Contract	An installment sale where the buyer takes possession but the seller retains legal title until the purchase price is paid in full.
Lease	A contract granting use and possession of property for a specified term in exchange for rent.
Leasehold Estate	The tenant's interest in leased property. Includes estates for years, periodic tenancies, tenancies at will, and tenancies at sufferance.
License (Property)	A revocable personal permission to use another's land — narrower than an easement and not assignable.
Lien	A monetary encumbrance against property — mortgages, mechanic's liens, tax liens, judgment liens.
Liquidated Damages	An amount agreed in advance to be paid by the breaching party — typically the buyer's deposit is the seller's liquidated damages if the buyer wrongfully defaults.
Listing Agreement	A contract between a seller and a broker authorizing the broker to market the property for compensation. Types include exclusive right to sell, exclusive agency, and open listings.
Loan-to-Value (LTV)	Loan amount divided by property value. Lenders use LTV to assess risk.

M

Marketable Title	Title free of significant defects, allowing a reasonable buyer to accept without fear of future legal challenge.
Mechanic's Lien	A statutory lien filed by a contractor or supplier who has provided labor or materials and has not been paid.
Meeting of the Minds	Mutual assent on all essential terms — a requirement for a valid contract.
Metes and Bounds	A legal land description that traces the property's perimeter using distances and directions from a starting point.
Mill	One mill = $1 of tax per $1,000 of assessed value. A 25-mill rate on a $100,000 assessed value = $2,500 annual tax.
MLS (Multiple Listing Service)	A cooperative system in which broker members share listings and agree to share commissions.
Mortgage	A loan secured by real property. The borrower (mortgagor) grants a security interest to the lender (mortgagee).

Mortgage Broker	A licensed intermediary who connects borrowers with lenders. Separately licensed from real estate brokers in NY.
Mortgagor / Mortgagee	Mortgagor = the borrower granting the mortgage. Mortgagee = the lender holding it.
Multiple Dwelling Law	NY statute (Multiple Dwelling Law §1 et seq.) regulating safety, sanitation, and habitability in residential buildings with three or more units.

N

Net Lease	A lease where the tenant pays some or all of the operating expenses in addition to base rent (single, double, or triple net).
Net Listing	A listing where the broker keeps any amount above a net price agreed with the seller. Discouraged or prohibited in many states due to conflict of interest. Permitted in NY but heavily scrutinized.
Net Operating Income (NOI)	Property's gross income minus operating expenses (before debt service and income tax). Used in cap rate calculations.
Non-Conforming Use	A property use that was lawful when established but no longer complies with current zoning. Typically grandfathered.
Notice	Actual notice = known directly. Constructive notice = knowledge imputed by public recording. Recording a deed in NY gives constructive notice to the world.
Novation	Substitution of a new contract or new party for an old one, releasing the original obligor — different from assignment, which transfers rights but keeps the original obligor liable.

O

Open Listing	A non-exclusive listing where the seller may engage multiple brokers and pays commission only to the one who actually procures the buyer.
Option Contract	A contract giving the optionee the right (but not the obligation) to buy property within a set period for a set price, in exchange for consideration.

P

PITI	Principal, Interest, Taxes, Insurance — the four components of a typical residential mortgage payment.
PMI (Private Mortgage Insurance)	Insurance required on most conventional loans with LTV above 80%, protecting the lender against borrower default.
Power of Attorney	A written authorization to act on someone else's behalf in real estate transactions and other matters.
Prepayment Penalty	A fee charged for paying off a mortgage early. Many residential mortgages prohibit them; NY restricts them on certain consumer loans.

Principal	(1) The party an agent represents. (2) The portion of a mortgage payment that reduces the loan balance.
Property Condition Disclosure Statement (PCDS)	NY-required disclosure form for most 1-4 unit residential sales. The seller must deliver it before the buyer signs a binding contract. The old $500 credit in lieu of the form was eliminated March 20, 2024.
Property Management	Operation, control, and oversight of real estate on behalf of an owner. Property managers in NY who lease space generally need a real estate broker's license.
Proration	Allocating expenses between buyer and seller as of closing — typically taxes, fuel, insurance, rent.
Puffing	Exaggerated opinion-based sales statements ("This is the most charming house in town!"). Not actionable misrepresentation unless they cross into false statements of fact.

Q

Quiet Enjoyment	The tenant's right to undisturbed use of leased premises — implied in every lease.
Quitclaim Deed	A deed that transfers whatever interest the grantor has, with no warranties. Often used between family or to clear clouds on title.

R

Real Estate Salesperson	A licensee who must work under the supervision of a sponsoring broker. Cannot accept compensation directly from anyone other than the sponsoring broker in NY.
Recording	Filing a document (deed, mortgage, lien) in the county clerk's office to give constructive notice to the public.
Rectangular Survey System	A federal land description method using townships, sections, and ranges. Not used in NY — NY uses metes and bounds and lot-and-block.
Redemption	The right of a defaulting borrower to recover the property by paying the debt — equitable redemption (before foreclosure sale) is recognized in NY.
Rent Stabilization	A NY system primarily affecting NYC and certain other localities, regulating rent increases and lease renewals for many older multi-unit buildings. Different from rent control, which is even more restrictive and rarer.
RESPA (Real Estate Settlement Procedures Act)	Federal law requiring disclosures and prohibiting kickbacks in residential mortgage transactions.
Restrictive Covenant	A private deed restriction limiting how property may be used. Enforceable as long as it doesn't violate fair housing or public policy.
Reversion	The right of a grantor to regain ownership after a life estate or other limited estate ends.
Riparian Rights	Rights of an owner of land bordering a non-navigable waterway to reasonable use of the water.

S

Sales Comparison Approach	An appraisal method that estimates value based on recent sales of similar properties, adjusted for differences.
Salesperson Sponsorship	In NY, every salesperson must be sponsored by a licensed broker. A salesperson cannot operate independently.
Security Deposit	Money held by a landlord to cover unpaid rent or damages. NY caps residential security deposits at one month's rent under General Obligations Law §7-108.
Severalty	Ownership by a single person or entity — not co-owned.
Source of Income	A protected class under NY State Human Rights Law. Landlords cannot discriminate against lawful sources of income including Social Security, disability, child support, or housing vouchers.
Specific Performance	A court remedy requiring a breaching party to perform the contract (deliver the deed) rather than just pay damages. Available when the property is unique.
Statute of Frauds	A rule requiring certain contracts (including most real estate contracts and leases over one year) to be in writing to be enforceable.
Steering	Illegally directing prospective buyers or renters toward or away from particular neighborhoods based on protected class. Prohibited under fair housing law.
Subagent	An agent of an agent. Rare in modern NY practice due to disclosure requirements.
Sublease	A lease by a tenant of part or all of leased premises to a new tenant (the sublessee), while the original tenant remains liable to the landlord.
Subordination	Voluntary acceptance of a junior priority position by a lienholder — common in refinancing where a second mortgage subordinates to a new first.
Survey	A measurement of property boundaries and improvements. Often required by lenders before closing.

T

Tenancy by the Entirety	A form of co-ownership available only to married couples in NY, with right of survivorship and protection from individual creditors of one spouse.
Tenancy in Common	Co-ownership where each owner has a separately conveyable and inheritable undivided interest. No right of survivorship — interest passes by will or intestacy.
Tenant	A person who occupies and uses property under a lease — the lessee.
Time Is of the Essence	A contract clause making timely performance a strict condition. Without it, courts allow reasonable time.
Title Insurance	Insurance protecting against losses from undiscovered title defects. NY rates are regulated by the NY Department of Financial Services.
Title Search	Examination of public records to confirm ownership and identify encumbrances.

Trust Deed (Deed of Trust)	An alternative to a mortgage used in some states — not commonly used in NY, which uses mortgages.
Trustee	A person or entity holding legal title to property for the benefit of another (the beneficiary).
Truth in Lending Act (TILA)	Federal law requiring clear disclosure of loan terms and APR to consumers.

U

Underwriting	The lender's process of evaluating a borrower's creditworthiness and the property as collateral.
Unilateral Contract	A contract where one party promises performance only if the other completes a specific act — e.g., an open listing or a reward.
Usury	Charging interest above the legal limit. NY's civil usury cap is generally 16% for loans to individuals.

V

VA Loan	A mortgage guaranteed by the U.S. Department of Veterans Affairs. Often allows no down payment for qualifying veterans.
Variance	Permission to deviate from a zoning rule. Use variances and area variances have different standards under NY zoning law.
Vendor / Vendee	Vendor = seller. Vendee = buyer (in a contract of sale).
Voidable Contract	A contract that one party may either enforce or rescind — typical for contracts involving minors or those induced by fraud.

W

Warranty Deed	A deed in which the grantor warrants title against defects. The strongest form of deed protection for the buyer.
Will	A legal instrument disposing of property at death. Real property passing by will goes through probate.
Writ of Execution	A court order directing the sheriff to enforce a judgment, often by selling the debtor's property.

Z

Zoning	Local government regulation of land use through districts and rules. Adopted under the state's police power.

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