

## **Land Bank Definitions**

**DISCLAIMER:** These definitions are for information purposes only and are not for the purpose of providing legal advice. These definitions have been provided solely for the purpose of providing information about commonly used real estate and land use terms.

### **A**

**Acceptance:** The written approval of the Buyer's offer by the Seller.

**Affordable Housing:** The generally accepted definition of affordability is for a household to pay no more than 30 percent of its annual income on housing. Families who pay more than 30 percent of their income for housing are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care.

**Appraisal:** A document from a certified appraiser that gives an estimate of a property's fair market value based on the sales of comparable homes in the area and the features of a property.

**Appraised Value:** An estimation of the current market value of a property.

**Appraiser:** A qualified individual who uses his or her experience and knowledge to prepare an appraisal estimate.

**Assessed Value:** The value that the County Assessor places on any asset to determine property tax amount.

**Assessor:** The government official who is responsible for determining the value of a property for the purpose of taxation.

### **B**

**Borrower:** The person who has received a loan and is then obligated to repay the loan according to the loan terms.

**Building Code:** The regulations governing the required safety standards, construction and rehabilitation of buildings.

### **C**

**Community Housing Development Organization:** A non-profit, community-based organization whose primary purpose is to develop affordable housing.

**Clear Title:** A property title that has no defects, liens, or encumbrances.

**Commercial building:** A building constructed for business, industrial or public purposes.

**Community Development Block Grant Program (CDBG):** A Federal grant program that provides grant funds to local and State governments to be used to develop affordable housing for low to moderate income residents.

**Construction Loan:** A loan to finance the cost of building a new home. The lender disburses the loan amounts over a short period of time to cover expenses, such as materials, suppliers and contractors.

**Credit Counseling:** Education on how to improve poor credit and how to avoid generating more debt than can be repaid.

**Credit Score:** The score calculated by using a person's credit report to determine the likelihood of a loan being repaid on time. Scores can range from about 360 (poor credit) to 840 (excellent credit).

## D

**Deed:** A document that legally transfers ownership of property from one person to another. To be valid, a deed must be recorded in public record with the property description and the Grantor's signature.

## E

**Encumbrance:** Any interest in or legal liability on real property that does not prohibit passing title to the property but that reduces the property's value.

## F

**Fair Housing Act:** A Federal law that prohibits discrimination on the basis of race, color, national origin, religion, sex, familial status, or disability when obtaining housing.

**Foreclosure:** The legal process in which property is sold to pay an outstanding loan or lien amount.

## G

**Grantee:** The individual who receives an interest in real property by deed.

**Grantor:** The individual who gives an interest in real property by deed.

## H

**Homebuyer Counseling Class:** A class that offers information about how to get a mortgage approved, qualify for a loan, choose an affordable home, go through financing and closing processes, and avoid mortgage problems that cause people to lose their homes.

**HUD:** The U.S. Department of Housing and Urban Development; A Federal agency that works to address the housing needs and enforcing fair housing laws.

**HUD Income Guidelines:** An annual chart created by HUD which sets income limits for qualifying a household for federally-funded housing options. The chart is based on County income data.

## I

**Interest:** A fee charged during a repayment period that is in addition to the amount of the actual loan, mortgage, or credit line.

## J

**Judgment:** A legal decree or order against a person or property in favor of a creditor; When referring to property, a judgment gives the creditor an interest in the property.

## L

**Land Transfer Application:** The application created by the City of Little Rock Land Bank Commission that must be completed to request an available Land Bank-owned property.

**Lien:** A legal claim and defect against a property, where the value of the property can be used as security in repayment of a debt. Examples include a mechanic's lien for the unpaid cost of building supplies, a tax lien for unpaid property taxes, or a municipal lien for property maintenance.

**Listing Agreement:** A contract between a seller and a real estate professional to market and sell a home or property.

**Low Income:** A household whose income does not exceed 80 percent of the median income for the area, as determined by HUD. Income limits are adjusted based on household size.

## M

**Moderate Income:** A household whose incomes exceeds 80 percent of the median income for the area, as determined by HUD, but is below 95 percent of the area median income.

**Mortgage:** An agreement between a lender and a buyer in which the property itself is collateral for the loan amount.

**Mortgagee:** The person or organization (such as a bank) that lends money to someone for buying property.

**Mortgagor:** The person who borrows money to buy a property.

## N

**Notary Public:** A person who serves as a public official and certifies the authenticity of signatures on a document by signing and stamping the document.

**Neighborhood Stabilization Program (N.S.P.):** In February of 2010, the Department of Housing and Urban Development (HUD) awarded the City of Little Rock, the Little Rock Housing Authority, Better Community Developers, and Habitat for Humanity (hereinafter "the Consortium Members") \$8.6 million dollars for the purpose acquiring and rehabilitating properties located within neighborhoods which have experienced an extended period of decline and destabilization.

## O

**Offer:** A proposal presented by a potential buyer, generally in writing, to purchase property at a specific price.

## P

**Pre-Approval:** A lender's commitment to loan a potential borrower a fixed amount of money based on qualification requirements, such as a completed loan application, credit score, debt, and savings.

**Pre-Qualify:** A lender's informal determination concerning the maximum amount an individual is eligible to borrow.

**Property Tax:** The annual tax charged by the County Treasurer for property owned by an individual.

**Purchase Offer:** A detailed, written document that makes an offer to purchase a property. Once the purchase offer is signed by all parties involved in the sale, the offer becomes a legally binding contract.

## Q

**Quitclaim Deed:** A deed which transfers ownership of a property but does not make any guarantee of clear or marketable title.

## R

**Real Estate Agent:** An individual who is licensed to advertise, negotiate and arrange real estate sales.

**Redevelopment Plan:** A detailed, comprehensive construction plan, which includes the costs of building or improving a structure and the timeframe in which the construction will be completed.

**Rehabilitation Mortgage:** A mortgage for the cost of rehabilitating (repairing or improving) a property.

**Rehabilitation:** The labor, materials, tools, and other costs of improving and repairing a building or structure in compliance with municipal building codes.

## S

**Seller:** The individual which offers title to a property in exchange for money.

## T

**Title Company:** A company that specializes in examining and insuring the titles of real estate.

**Title Defect:** An outstanding claim on a property that limits the ability to transfer the property. Also referred to as a "cloud" on the title.

**Title Insurance:** Insurance that protects an owner against any claims or defects that arise about the title or ownership of the property.

**Title Search:** An in-depth examination of public records which ensures that the seller is the recognized owner of the real estate and that there are no unsettled liens or other claims against the property.

**Transferee:** A person who receives property.

**Transferor:** A person who gives or conveys property.

**U**

**V**

**W**

**Warranty Deed:** A deed that transfers title and guarantees that the seller of the property is the true owner and has the right to sell the property and that there are no claims or defects against the property.

**X**

**Y**

**Z**

**Zoning:** Local laws established to control the uses of land within a particular area. Zoning laws are used to separate residential property from non-residential properties, such as industries or businesses.