

REIA Consumer Fact Sheet

Glossary of Terms

ABSENTEE LANDLORD - An owner or sub-lessor who does not reside in the place or area in which he/she owns real estate from which he/she derives rental income.

ABSTRACT OF AUCTION - A summary of the auction advertisements which appears in the property page of a newspaper.

ABSTRACT OF TITLE - A chronological summary of conveyances, mortgage or leases and other deeds giving the names of the parties and the description of the land, arranged to show the continuity of ownership of general law land not under the Torrens system.

ACCELERATION CLAUSE - A clause in a mortgage document which requires the immediate repayment of the entire balance due under the said mortgage at any given time should there be a breach of the conditions of the mortgage e.g. repayment default.

ACCESS RIGHTS - The right of ingress to and egress from a property that abuts upon an existing street or highway. Details will be shown on Certificates of Title of both parties granting and receiving the right.

ACCESSIBLE HOUSING - A dwelling designed to allow easier access for physically disabled or vision impaired persons.

ACQUIRING AUTHORITY - A government department, local authority or other body empowered by statute to acquire land compulsorily.

ADAPTABLE HOUSING - A dwelling designed to facilitate low-cost modification to enhance access for physically disabled or vision impaired persons.

ADJUSTMENTS - Apportionment of rates, taxes, body corporate fees, rent, insurances etc up to the date of possession or settlement on a sale or letting.

AGENT - A person authorised to act for another (usually for the owner) in the selling, buying, renting or management of a property. Commonly used to refer to licensed real estate agents and real estate representatives.

AGENTS IN CONJUNCTION - Two or more agents employed by a principal to sell or let real estate and share commission.

APARTMENT - A room or suite of rooms used as a dwelling unit. Not necessarily self-contained. The term flat is used to describe a self-contained dwelling unit in multi-unit dwellings.

APPRAISAL - The term commonly used in America to indicate what is termed in Australia as a Valuation. In Australia, the term means an opinion of the potential saleability of a residential property by a licensed Real Estate Agent.

APPRECIATION - An increase in value.

ARBITRATION - The determination of a dispute by one or more independent third parties rather than a court. Arbitrators are appointed by the parties in accordance with the terms of the arbitration agreement or in default by a court. The arbitration is conducted pursuant to the Arbitration Acts in each State and the award given by the arbitrator/s binds the parties.

ARREARS - Unpaid debts.

ASSESSED, RATEABLE, OR TAXABLE VALUE - A value which is based upon definitions contained within applicable laws relating to the assessment, rating, and/or taxation of real property.

ASSUMPTION OF MORTGAGE - When a buyer takes ownership of real estate encumbered with a mortgage and has assumed the responsibility as the guarantor for the unpaid balance of the mortgage. Such a buyer is liable for the mortgage repayment.

AUCTION - A sale usually in public, by an auctioneer, in which property is sold to the highest bidder.⁶

AUCTION AGENCY AGREEMENT - An agreement that the vendor must sign when a property is listed for auction. Details the reserve price and the costs of the auction, including advertising and the agent's commission. Usually includes a condition that one agent will have the exclusive right to sell the property for a period during and after the auction.

AUCTIONEER - One who is licensed to sell, or offer for sale, real estate where persons become purchasers by competition, being the highest bidders.

BASIS POINT - One percent (1%) is the equivalent of 100 basis points.

BID - A verbal or written offer to purchase.

BODY CORPORATE - (a) A term used in the Strata Titles Act to describe the body representing the building owners; (b) The control and administration of common property is vested in a statutory Body Corporate which comes into existence automatically on the registration of the plan, and to which the provisions of the Companies Act do not apply. The registered proprietors of the units are the only members of the Body Corporate. Associated rights and obligations are fixed by scheduled by-laws.

BOND (RENTAL) - Consideration held usually under a lease to ensure performance of lease terms and conditions. Normally refundable if possession of property is returned in good condition.

BUILDING CODE OF AUSTRALIA (BCA) - Sets minimum community standards for buildings in terms of health, safety and amenity in buildings for regulatory purposes.¹ Produced by the Australian Building Codes Board (ABCB), refer to www.abcb.com.au

BUILDING INSPECTOR - An authorised person who is responsible for checking buildings in the course of construction and completed buildings to ensure that they have been constructed in accordance with building control provisions.

BUILDING LINE - The setback from the site boundary required by statutory authorities for buildings.

BUILDING REGULATIONS - The Building Code of Australia and other regulations stipulated by local authorities relating to the design and construction of buildings.

BUILDING RESTRICTIONS - Planning and development controls that limit the use, size and location of buildings or other improvements on land.

BUSINESS BROKER - An estate agent licensed and certified to sell businesses.

BUYER'S MARKET - The condition which exists when, under competitive conditions, the pressures of supply and demand are such that market prices are at a relatively low level, giving the buyer an advantage. An over-supply causing prices to decline.

BUYER'S AGENT - Represents a property buyer in negotiations with a vendor or his/her agent. The buyer's agent is paid by the buyer. Buyer's agents should be licensed and certified to act as a buyer's agent.

CAPITAL GAIN - The amount by which the net proceeds from resale of a capital item exceed the book value of the asset.² Refer to The Australian Tax Office (ATO).

CAPITAL GAINS TAX - A Commonwealth tax payable on the Capital Gain made on the sale of an investment property. Refer to current requirements of the Australian Taxation Office (ATO).

CAVEAT - A notice on title proclaiming a possible interest other than that of an owner.

CAVEAT EMPTOR - 'Buyer beware', that the risk in a property transaction lies with the purchaser.

CERTIFICATE OF TITLE - A document issued under the Torrens System of Title, showing ownership and interest in a parcel of land.

CHATTELS - Any fixed asset other than freehold land. Items such as machinery, implements, tools, furnishings, fittings, which may be associated with land use, but which are not fixed to the land or premises or, if fixed, may be removed without causing structural damage to a building. Legally known as personalty.

CLIENT - One who engages the services of an agent or valuer and to whom the agent or valuer should look for payment of his commission or fees, in return for services rendered.

COMMERCIAL PROPERTY - Property intended for use by all types of retail and wholesale stores, office buildings, hotels and service establishments. In many property circles, commercial property refers specifically to office property.

COMMISSION - The fee or payment made to an agent for services rendered, such as the sale of property, often calculated with reference to the value of the property, contract or agreement.

COMMON (OPEN) LISTING - See Open Listing.

COMMON LAW TITLE - A system of title based upon traditional English land laws which depends upon tracing the ownership of the subject land from the original Crown grant through all succeeding dealings.

COMMON PROPERTY - (a) Land or a tract of land considered as the property of the public in which all persons enjoy equal rights. A property not owned by individuals but by groups; (b) In a home (villa) unit or flat development that part of the property owned and used in common by all the unit or flat owners or occupiers and which is maintained by the Body Corporate.

COMPANY TITLE - (a) Method of obtaining ownership of real estate by way of company shares (usually

preceded Strata Title Act); (b) Under Company Title, land and buildings are owned by a private company. The company's shareholding structure is organised so that ownership of a certain number of shares entitles the shareholder to exclusive possession of a part of the building.

COMPOUND INTEREST - Where interest is calculated on a sum that includes previous interest payments.

COMPULSORY ACQUISITION - Where an asset is acquired by a statutory authority through legislation, irrespective of whether an owner is willing to sell or not.

CONDITIONS OF SALE - The conditions applicable to a sale contract made between a vendor and purchaser.

CONJUNCTION AGENCY - See Agents in Conjunction.

CONSIDERATION - Payment in the form of money or other form of benefit in exchange for an agreed action (e.g. the receipt of goods and / or services).

CONTRACT - A legally binding agreement.

CONTRACT OF SALE - An agreement relating to the sale of property, which expresses the terms and conditions of sale.

CONVEYANCE - An deed which transfers ownership of common law title from one person to another.⁴

COOLING OFF PERIOD - A short statutory period after the contract is made, during which the purchaser may cancel the contract unconditionally. Usually does not apply in the case of auctions.

COUNTER OFFER - A new offer as to price, terms and conditions, made in reply to a prior unacceptable offer. Normally the counter offer terminates the previous offer.

CROWN LAND - Unalienated land owned by a State or the Commonwealth Government.

DATE OF SETTLEMENT - The date on which a contract of sale is finalised and final payment is made.

DEED - A document executed under seal. For example, a conveyance.

DEPOSIT - Percentage of total consideration, or an agreed amount, paid on exchange of contract for purchase of an asset.

DEPRECIATION - (a) In accounting terms, the writing down of the original cost of an asset systematically over the life of that asset; (b) An effect caused by physical deterioration, or obsolescence, or both; (c) In valuation terms, the writing down of the current cost of an asset to calculate its current value. The accumulated effect on the value of an asset due to physical, functional, technological and economic obsolescence.

DEVELOPMENT APPROVAL - Approval from the relevant planning authority to construct, add, amend or change the structure of a property.

DISBURSEMENTS - Recoverable costs. For example, in the case of real estate sales, expenses paid by an agent on behalf of an owner, such as advertising, rates and taxes.

DISPLAY HOME - A building which represents a completed example of a dwelling type offered for sale.

DRY ROT - Decay of seasoned wood caused by fungus.

EASEMENT - A right to use the land of another (not involving the taking of any part of the natural produce of that land, or any part of its soil) or a right to prevent the owner of that land from using that land in a particular manner. Most commonly used where Government authorities have the right to run, for example, electrical mains or drainage through private property. Some form of compensation may be payable.

EFFECTIVE AGE - The age of an item, such as a building, as indicated by its physical condition and utility compared to its useful life, in contrast to its chronological age. The amount of maintenance and care given to the building will help determine its effective age. A 5-year old building may have an effective age of 10 years due to poor maintenance of the building.⁵

EFFECTIVE CAUSE OF SALE - Where the efforts of a particular real estate agent are considered to have been an essential element in a purchaser entering into a binding contract with a vendor for the sale of a property. An agent considered to be the effective cause of sale will usually be entitled to a commission in respect of that sale.

EFFECTIVE DATE - The date something commences or closes.

EGRESS - The exit point from a property.

ENCUMBRANCE - A charge or liability on a property; for example, a mortgage or a special condition on the use to which it may be put (e.g. easements, restrictions and reservations).

ENVIRONMENTAL IMPACT STUDY - A multi-disciplinary assessment of existing environmental conditions and the likely effect on a specified environment of the introduction of a proposed development or actions which may change the existing environmental conditions and ecological balance.

EQUITY - (a) A synonym for a share (as distinct from fixed interest) investment³; (b) the interest or value that an owner has in an asset over and above the debt against it. For example, a home-owner has equity in that part of the value of his or her house above the amount borrowed from a lender.⁷

ESTATE AGENT - See Agent.

EVICTION - The removal of a person from a property.

EXCHANGE OF CONTRACTS - A formal legal process that creates a binding contract for the sale of real property on agreed terms. The vendor and purchaser each sign a copy of the sale contract and then exchange these documents, after which time the contract becomes legally binding on the parties. The parties are then bound to proceed to settlement, subject to any cooling off period that may apply. A deposit is usually also paid by the purchaser to the vendor during the exchange process. Any party that unilaterally declines to proceed to settlement may forfeit deposit monies or be subject to a damages claim.

EXCLUSIVE AGENCY - See Exclusive Listing.

EXCLUSIVE AGENCY AGREEMENT - The agreement between an agent and a vendor establishing an Exclusive Listing.

EXCLUSIVE LISTING - Where a single agent only is appointed to sell or lease a property under an Exclusive Agency Agreement. Under the terms of an Exclusive Agency Agreement, the appointed agent is usually entitled to any commission resulting from a transaction relating to the property, even if it is sold / leased by another agent or the vendor during the term of the agreement. Also known as an Exclusive Agency or a Sole Agency.

EXTENSION OF LEASE - An agreement extending or renewing the terms of a lease for a period beyond the expiration date.

FIRE RESISTANCE RATING - Means the minimum period of time during which an element of a structure may be expected to function satisfactorily while subjected to a standard fire test, as set down by the relevant authority.

FIREPROOFING - The use of incombustible materials to protect structural components of a building so it can withstand a complete burn-out of contents without losing structural integrity.

FIRST REFUSAL (RIGHT OF) - The right granted to a person to have the first privilege to buy or lease real estate, or the right to meet any offer made by another.

FITTINGS - Installed items that may be removed from real estate without causing irreparable damage to the land, structure or use of the premises.

FIXED INTEREST RATE - An interest rate that remains unchanged for a set period, for example, for the whole term of the loan, or the first year of a loan.

FIXTURES - Those parts of a property affixed to structures or land, usually in such a manner that they cannot be independently moved without damage to themselves or the property housing supporting or pertinent to them. Fixtures are usually included in a sale and commonly include items such as carpets and awnings.⁶

FLAT - A self-contained dwelling unit in a multi-unit building.

FORECLOSE - Removing the right, title and interest of the owner of a property or asset, usually due to a default of due payments.

FOREIGN INVESTMENT REVIEW BOARD - An Australian Government entity that reviews foreign investment proposals and advises Government on foreign investment policy.

FREEHOLD - Absolute ownership subject to limitations imposed by the state; also known as a fee simple estate. An estate held for perpetuity.⁵

GAZUMPING - Where the vendor agrees to sell a property, but then sells it to another party on more favourable terms.

GEARING (LEVERAGE) - A measure of indebtedness i.e. the extent of borrowings as against the equity held by a person or company in an asset. Usually expressed as a ratio. Positive gearing refers to the magnification of financial gain resulting from borrowing when the cost of capital (borrowed) is less than the return on capital and leads to magnification of returns to equity. Negative gearing refers to the same relationships but where the cost of capital exceeds the return on capital. Persons would normally only negative gear in the expectation of positive returns in the future.

GENERAL LAW TITLE - See Common Law Title.

GOING CONCERN - An operating business that will remain in operation for the foreseeable future. It is assumed that the entity has neither the intention nor the necessity of liquidation or of curtailing materially the scale of its operations. Properties sold as a going concern may be treated differently for taxation purposes.

GOODS AND SERVICES TAX (GST) - A consumption tax imposed by the Commonwealth levied on the provision of goods and services.

GRACE PERIOD - A period when a mortgage payment or other debt becomes past due and before it goes into default.

GRADUATED LEASE - A lease which provides for a certain rent for an initial period, followed by an increase or decrease in rent over a stated period.

GUARANTOR - A person who undertakes to fulfil a contract if the main party defaults.

HAMMER PRICE - The purchase price paid when land or goods are sold at auction.

HEAD LEASE (OR MASTER LEASE) - A lease to an entity that will subsequently grant leases to sub-lessees who will be tenants in possession.

HOLDING DEPOSIT - An amount given by a buyer to the estate agent acting for the seller. It shows the buyer's serious commitment to the property and is commonly 10% of the purchase price.

HOUSE - A single, self-contained place of residence detached from other buildings. A house generally consists of enclosing walls with a roof to shelter occupants against both climate and intruders.

IMPLIED COVENANT - A covenant implied rather than expressly written into a lease. On the part of the lessor this could include the asset being fit for the purpose for which it is let and allowing for quiet enjoyment. On the part of the lessee it could include keeping the premises clean.

IMPLIED EASEMENT - An encroachment upon property that has been left unchallenged for a long period of time. One that is apparent by long and continued use.

INGRESS - The entry point to a property.

INTEREST - The payment made by a borrower to a lender in return for the loan of money, in addition to the principal repayments.

INTEREST ONLY LOAN - Only the interest on the principal is repaid during the term of the loan. At the end of that time the principal is repaid as a lump sum.

INTEREST RATE - The rate of return earned on an investment, or charged by a lender, expressed in the form of a percentage per annum.³

INVESTMENT PROPERTY - Property (land or a building - or part of a building - or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both.⁶

JOINT TENANCY - The ownership of land in common by several persons where there is a right of survivorship i.e. where on the death of one joint owner the land as a whole vests in the survivors.

LAND AGENT - See Agent.

LAND TAX - A tax payable annually in respect of the beneficial ownership of land, the rate of which is determined by the assessed valuation. Usually based on unimproved value of land.

LANDLORD - The owner of leased property. The lessor.

LEASE - An agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.⁸

LEASE ABSTRACT - A summary of a lease document listing the specific details peculiar to that lease.

LEASE TERM - The period of the lease.

LEASEHOLD - Possession and use of a property by virtue of a lease.

LESSEE (TENANT) - A person / legal entity who receives the right to occupy and use a property under the terms of a lease.

LESSOR (LANDLORD) - The owner of a property who transfers the right to occupy and use property to another by way of a lease agreement.

LICENSED REAL ESTATE AGENT - A Licensed Real Estate Agent may perform the activities in the conduct of a real estate business. He/she is licensed to hold responsibility for an agency's legislative compliance activities.

LIEN - A charge, security or encumbrance upon property for the payment of debt.

LISTING - (a) A term commonly used by agents for obtaining an instruction to sell or lease real estate; (b) The recording of properties as being available for sale.

LONG-TERM LEASE - Generally considered to be a lease extending for ten years or more. In some long-term leases the lessee or tenant may desire, or be required, to do extensive remodelling or, if the property

leased is land, to construct a building or other improvements.

MAINTENANCE - The act of keeping, or the expenditure required to keep, an asset in condition to perform efficiently the service for which it is used.

MANAGEMENT AGREEMENT - A written contract recording the agreement between the owner and manager of real estate concerning the duties, responsibilities and liabilities of the owner and the manager in the management of that real estate.

MANAGEMENT FEE (PROPERTY) - The fee charged by the property manager to the landlord for the service of managing a property or properties. This service typically includes collecting rents, paying recurrent property expenses, selecting and supervising property service contractors such as cleaners, plant service providers and security. It may also include negotiating new leases, marketing of the property, rent reviews and overseeing building refurbishment. In respect of property trusts, it refers to the fee levied on unit holders by the responsible entity to cover the cost of trust administration.

MANAGING AGENT - A real estate agent authorised to manage the business affairs in connection with the property of another. See also Property Management.

MARGIN SCHEME - Refer to the Australian Taxation Office. www.ato.gov.au

MARKET PRICE - The price actually paid, or agreed in a contract to be paid, for an asset. It differs from market value in that it relates to an accomplished fact, whereas market value is and remains an estimate until proved. Market price may involve circumstances not normally included in market value.

MARKET VALUE - Market value is the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion.⁶

MEDIAN - The middle number when data is arranged from lowest to the highest in sequence. If there are two median scores, they are averaged to provide the true median. The median is also known as the 50th percentile.

MEDIATION - The process by which a third party assists two disputing parties to reach a mutually agreeable solution. A recommendation made by the mediator is not necessarily binding on the parties.

MORTGAGE - Documentation of a property loan. Security over real property to ensure payment of a debt or performance of an obligation.

MORTGAGE GUARANTEE INSURANCE - Paid by the borrower to protect the lender against failure by the borrower to keep up mortgage repayments or to pay back the loan in full when it is due.

MORTGAGEE - Financier who lends money against property as security.

MORTGAGEE SALE - Sale of a property where, in the case of a default of payments by the mortgagee, the mortgagor can sell the property over which the mortgage has been held.

MORTGAGOR - One who owns an interest in real estate and who executes a mortgage on that interest as security for a loan or for the advance of credit.

MULTIPLE LISTING - A method of exchanging exclusive entries for the sale of properties between real estate agents who are members of the same organisation.

NEGATIVE GEARING - See Gearing.

NOTICE OF TERMINATION - The notice given by either the landlord or tenant that they want to end the rental agreement and vacate the property in compliance with the terms and conditions of the lease.

NOTICE TO QUIT - A legal notice served on tenants requiring them to vacate real estate due to a breach of lease terms.

OFFER - The consideration offered to purchase or lease an asset.

OLD SYSTEM TITLE - See Common Law Title.

OPEN AGENCY AGREEMENT - The agreement between an agent and a vendor establishing an Open Listing.

OPEN LISTING - Where a vendor grants selling or leasing rights over a property to any number of agents on a non-exclusive basis. The first agent to procure a buyer ready, willing and able to purchase or lease the property on terms acceptable to the vendor receives the commission. Also known as a Common Listing, Simple Listing or Open Agency.

OUTBUILDINGS - Any building other than the main structure on a particular allotment of land e.g. a garage, workshop etc.

OUTGOINGS - The expenses incurred in generating income. In real estate, these expenses include, but are not necessarily limited to, property rates, insurance, repairs and maintenance and management fees.

OWNER - In relation to land, the owner includes every person who jointly or severally whether at law or in equity: (a) is entitled to the land of an estate in freehold possession; or (b) is entitled to receive rent or profits thereof, whether as beneficial owner, trustee, mortgagee in possession or otherwise.

OWNERS CORPORATION - See Body Corporate.

PASSED-IN - If a property is not sold at auction because the owner's reserve price has not been reached, it is passed in.

PERIODIC LEASE - Where a tenant continues to rent / occupy the property after the lease has formally expired.

PLANNING APPROVAL - Approval from the relevant authority to use property for a specified use.

PREFERRED LISTINGS - Entrusting a property sale / lease to a predetermined preferred agent.

PREMISES - A house, building or other structure together with the surrounding grounds that form part of the title. Also, the real estate forming the subject of a conveyance or licence.

PRINCIPAL - (a) A term used in most Australian contracts in lieu of 'client' or 'proprietor'; (b) A licensed estate agent holding responsibility for an agency's legislative compliance activities including legal responsibility for trust accounts.

PRIVATE SALE - Where an owner offers a property for sale without engaging an agent.

PRIVATE TREATY SALE - A sale negotiated directly between the parties or their agents.

PROPERTY - At law, property consists of the private rights of ownership. To distinguish between real estate (realty), a physical entity, and its ownership, a legal concept, ownership of land is known as real property. Physical items other than real estate are legally termed 'personalty' and their ownership is known as 'personal property'. The word 'property' used without further qualification or identification may relate to real estate, personalty or a combination. Colloquially, property is anything that can be owned or in which an interest can be held, over which control can be exercised, which can be traded or left in an estate or from which current or future rights to receive benefits can be held. Property can include, but is not limited to, real

estate and associated interests therein, personalty, intellectual property, rights, licences and options, plant and machinery, art and jewellery, goodwill and shares.

PROPERTY MANAGEMENT - The management of a property on behalf of the owner. For example, the leasing of space, collection of rents, selection of tenants and generally the overall maintaining and managing of real estate properties for clients.

RATES - Periodic property taxes levied by Local and State Governments (e.g. water rates).

REAL ESTATE AGENT - See Agent.

REAL PROPERTY - All the rights, interests, and benefits related to the ownership of real estate. Real property is a legal concept distinct from real estate, which is a physical asset. There may also be potential limitations upon ownership rights to real property.⁵

REALTY - See Real Estate.

RENT - A payment made periodically by a lessee to a lessor for the use of premises.

RENT REVIEW - A periodic review of rental under a lease using a predetermined method. For example, an increase in line with Consumer Price Index (CPI) or in accordance with a market valuation.⁴

RENT ROLL - A group of rental properties managed by a real estate agent and includes names of tenants and the amount they pay.

RENTAL DETERMINATION - A valuation report by an independent valuer fixing a rent, in circumstances where a lessor and lessee have been unable to negotiate an agreement.

RESCIND - To terminate a contract of sale.

RESERVE PRICE - The lowest acceptable price fixed by the vendor.⁵

RESIDENTIAL TENANCIES TRIBUNAL - Specialist bodies exist in most Australian States and Territories to resolve disputes between landlords and residential tenants in low-cost manner, usually without the involvement of lawyers. Specifically, these bodies include the: Residential Tenancies Tribunal (ACT, SA); Residential Tenancies Authority (QLD); Residential Tenancies List (VIC); Residential Tribunal (NSW); Commissioner of Tenancies (NT); and Residential Tenancy Commissioner (TAS). Tenancy disputes may be heard by the Small Disputes Division of Local Courts in WA.

RESIDENTIAL TENANCY DATABASE - A risk management tool used by agents to identify tenants with a history of breaching tenancy rules.

REVERSE MORTGAGE - A mortgage over a residential property owned by a person (usually over 55 years of age), where repayments are not required until the property is sold or the last homeowner dies.

RIGHT OF ACCESS - Where an ongoing right of access has been granted, usually for inspection of services, agistment, etc.

RIGHT OF ENTRY - Where a landlord may inspect the premises, provided reasonable notice is given to the tenant.

SELLER'S MARKET - The condition which exists when, under competitive conditions, the pressures of supply and demand are such that market prices are at a relatively high level, giving the seller an advantage. An under-supply causing prices to increase.

SETTLEMENT - This is the final stage of the sale when the purchaser completes the payment of the contract price to the vendor and takes legal possession of the property.

SETTLEMENT DATE - The date on which a contract of sale is finalised and the balance of money is paid for an asset.

SIMPLE INTEREST - Interest that is calculated on a sum that does not include previous interest charges.

SIMPLE LISTING - See Open Listing.

SOLE AGENCY - See Exclusive Listing.

SPECULATOR - One who speculates; that is, one who buys any commodity, including real estate, in the expectancy of selling in a higher market.

STAMP DUTY - The tax imposed by state governments on certain contracts (e.g. Contracts of Sale and Registered Leases). The amount of tax payable is calculated as a percentage of the contract value. See also individual state legislation.

STANDARD LEASE - A lease in commonly used form into which specific clauses or provisions may be written.

STOCK AND STATION AGENT - Stock and station agents are certified to broker transactions that involve livestock, rural property and agricultural products on behalf of their clients.

STRATA PLAN - The registered plan of a strata title property showing the boundaries of lots and unit entitlements. Pursuant to legislation on strata or unit titles.

STRATA TITLE - (a) The formal ownership of property held within a strata plan where property is defined within horizontal and vertical boundaries; (b) A scheme of property ownership where each proprietor owns parts of a building and has joint rights with other proprietors over the land and other common areas.

SUB-AGENT - A person employed by an agent as their sales representative to provide assistance in transacting the affairs of the principal. In some States a sub-agent is referred to as a sales representative.

SUBDIVISION - Divisions by a land owner, of all or part of a parcel of land, into separate allotments (or sections), each with a separate title, in accordance with a 'plan of subdivision' approved by the planning authority.

SUB-LEASE / SUB-LET - A contract whereby the whole or part of the property is let to another person, the party letting being themselves a lessee. The obligations of the lessee to the lessor are not diminished. The length of the sub-lease must not be longer than the unexpired part of the headlease.

SURVEY - The measurement and depiction on paper of the boundaries of real estate and the location of the improvements on the land, or measurement of a part of a building, usually undertaken by a registered surveyor.

TENANCY AGREEMENT - A form of lease, generally in an abbreviated form. It may be registered on an owner's certificate of title.

TENANCY IN COMMON - Ownership that is separate and not held directly with another person. There is no survivorship.⁸

TENANT - A person or entity paying rent in exchange for the occupancy of a building or dwelling. See also Lessee.

TENANT'S AGENT - A Tenant's Agent should be a licensed real estate agent, who acts on behalf of a tenant in a commercial property transaction.

TENDER - The sale of an asset through the seeking of written bids.

TITLE - The form of ownership of real estate (i.e. Torrens, strata or company title).

TITLE DEEDS - Documents evidencing the ownership of property.

TORRENS TITLE - The title to land by registration. Originating in South Australia under the stewardship of R.R. Torrens (later Sir Robert Torrens) and enacted in 1858. The Torrens titles has superseded the 'Common Law Title' system throughout Australia. Under the Torrens system dealings and ownership of land are managed by registration with the Titles Office.

TRUST ACCOUNT - A legislatively required bank account where monies are held by an agent for or on behalf of another person e.g. deposits, rental etc.

UNENCUMBERED PROPERTY - Property free and clear of mortgages, restrictive covenants, leases and

assessments of any kind.

UNIMPROVED VALUE - A statutory concept of value used mainly for rating and taxing purposes, which envisages the land as being in its virgin state but enjoying the benefits of all external factors which influence the value at a given date. The value of land as if all existing improvements thereupon, including site works, had never been built or made, but regarding all other lands as in their current circumstance, including all improvements, roads, services and amenities.

UNIT (STRATA) - Each dedicated lot / unit area designated within a strata plan.

VACANCY-A rental property or any unit thereof that is unlet.

VACANCY RATE -The proportion of inhabitable rental premises which are vacant.

VACANT POSSESSION - In real estate this refers to a right to possession of land or built-up property in respect of which there is no current occupant.⁶

VACATE - To give up occupancy; to make vacant; move out of property.

VALUATION - (a) The process of estimating value.⁵; (b) The prediction of the value of an asset at a point in time, depending on the purpose for which the valuation is required.

VALUATION REPORT - A document that records the instructions for the assignment, the purpose and basis of the valuation, and the results of the analysis that led to the opinion of value. A Valuation Report may also explain the analytical processes undertaken in carrying out the valuation, and present meaningful information used in the analysis. Valuation Reports can be either oral or written. The type, content and length of a report vary according to the intended user, legal requirements, the property type, and the nature and complexity of the assignment. The terms, Valuation Certificate and Valuation Report, are sometimes used interchangeably.⁶

VALUER - A person who is: (a) registered / licensed / approved to carry out property or plant and machinery valuations under any State, Territory or Commonwealth legislation; and / or (b) a member of the Australian Property Institute who is accredited as a Certified Practising Valuer.

VARIATION - An addition to, omission from, or alteration to a contract or to the contract conditions.

VENDOR - One who sells anything. In real estate transactions, the person(s) or entity selling the property.

VOIDABLE - An agreement which can be made void at the option of one or both of the parties.

WATER CLOSET - A room equipped with toilet fixtures and facilities.

WITHOUT RESERVE - An auction term signifying that a reserve price has not been set, such that the highest bid will prevail.

YIELD - The derived percentage return of a property assessed from the net income and the market value or price. It is calculated by dividing the net income by the opening market value or price.

ZONING - A local planning tool to control the present and future development of land including residential,

business and industrial uses.

Unless otherwise referenced, all terms have been sourced from:

Real Estate Institute of Australia, Property Council of Australia, Australian Property Institute. Glossary of Property Terms. First Edition. 2007

Other references are listed below:

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4. Real Estate Institute of Australia. A Glossary of Terms used in Real Estate and Valuation Practice, Second Edition.
5. International Valuation Standards Committee International Valuation Standards, Seventh Edition, 2005.
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8. West Publishing Co. St Paul, Minnesota, Black's Law Dictionary, 2nd Pocket Edition, 2001.
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