

Rental Housing Glossary

[A](#) | [B](#) | [C](#) | [D](#) | [E](#) | [F](#) | [G](#) | [H](#) | [I](#) | [J](#) | [K](#) | [L](#) | [M](#) | [N](#) | [O](#) | [P](#) | [Q](#) | [R](#) | [S](#) | [T](#) | [U](#) | [V](#) | [W](#) | [X](#) | [Y](#) | [Z](#)

A

Abandonment - when a tenant defaults in the payment of rent and reasonably indicates by words or actions they have vacated the premise.

Adverse Action - action by an owner or manager that either disqualifies an applicant from tenancy or adds a condition to the applicants tenancy (increased deposit, co-signer, last month's rent, etc.) based on information found in a consumer report (credit) or background search. An Adverse Action Notice is required.

Americans with Disabilities Act (ADA) - a law passed by Congress in 1990 requiring any business or public facility to be accessible to everyone, including those with disabilities.

Anniversary Date - The date on which the tenant first entered the rental lease. This date remains the same in any year as long as the same rental lease is renewed. The anniversary date could be different than the date the tenant signed the lease.

Appeal - a request to a higher court to review a lower court's decision in a lawsuit.

Applicant - The potential tenant who is filing the rental application.

Application Fee - Money paid to fill out and process an application form.

Arbitration - using a neutral third party to resolve a dispute instead of going to court.

[return to top of page](#)

B

Broom Clean - Relates to the condition of an apartment should be in when a tenant leaves or a new tenant moves in. At the very least, the apartment should be swept clean and free of trash or unwanted household items.

Build Out - The process of finishing a commercial space before a tenant moves in. The construction or improvements of the space interior, which can include flooring, walls, plumbing, and electrical work, is done to meet the specific needs of the tenant.

With a build-out, negotiations between the property owner (landlord) and the tenant can occur regarding issues such as:

- What improvements will be made?
- Who will pay for these improvements?
- Who will be in charge of getting the work done?

- What will the tenant be permitted (or required) to remove at the end of the lease?

[return to top of page](#)

C

Cancellation Clause - A clause in a rental lease that confers the ability to terminate the party's obligations. The grounds and ability to cancel are usually specified in the lease.

Capital Improvement - A long-term plan, usually four to six years, that details major physical development or redevelopment that extends the life of the property. These enhancements can include upgrading the elevators, replacement of the roof, and renovations of the lobby.

Whether an improvement is considered capital is important because of cost. How an improvement is classified has an effect on property taxes.

Certificate of Mailing - A written verification from the Postal Service that the letter you mailed was delivered to address. Certified mail is not recommended because this requires a signature and a tenant can deny receipt.

Certified Lead Renovator - An individual who has taken an 8 hour course accredited by EPA or an EPA authorized state program to be trained in lead paint renovation.

Common Area - A portion of a building that is generally accessible to all residents or users. Common areas include but are not limited to: hallways, stairways, laundry rooms, recreational rooms, playgrounds, community centers and fenced areas. The term applied to both interiors and exteriors of the building.

Consumer Report - information on a credit report and/or any source that relies on information from a tenant's rental history or credit report.

Co-Op - A housing community that is jointly owned and managed by the tenants who live there. Each co-op member buys shares in the housing community, attends regular meetings to discuss maintenance and other community matters, and helps run the co-op. Members can participate in specific committees or be on the board.

Co-signer - a person, in addition to the lessee, that is agreeing to be responsible to pay rent and uphold conditions of the lease.

Credit Bureau or Consumer Reporting Agency- an entity that collects and disseminates information about consumers to be used for credit evaluation. One of the 3 major credit reporting agencies. Equifax, Experian, TransUnion.

Credit Report - a report prepared by a credit reporting service that describes a person's credit history for the last seven years.

[return to top of page](#)

D

Default - a tenant's failure to do something that the law requires.

Default Judgment - a judgment issued by the court, without a hearing, when the tenant has failed to file a response to the landlord's complaint.

Discrimination - denying a person housing or stating that housing is not available because of a person's race, color, religion, sex, sexual orientation, national origin, ancestry, source of income (King County), age, disability, marital or familial status. Treating people differently could also be considered discrimination.

Duplex - A two-unit apartment building or condo. From the exterior, duplexes look like any normal house. However, the building consists of two rental units - one above the other. Each unit has its own separate lot and entrance.

[return to top of page](#)

E

Equal Housing Opportunity - laws that prohibit discrimination in housing on the basis of race, color, religion, sex, national origin, age, disability or familial status.

Eviction - a court proceeding for removing a tenant from a rental unit because the tenant violated the rental agreement or did not comply with a notice ending the tenancy.

[return to top of page](#)

F

Fair Credit Reporting Act - the Fair Credit Reporting Act (FCRA), as amended September 30, 1997, regulates consumer credit information gathering and dissemination. It dictates seven and ten year limits on how long negative information can be reported. The Act also provides a method for correcting erroneous information in a credit file. The 1997 amendment covers landlord tenant relationships and requires landlords to notify tenants if they have been rejected because of information in their credit file or references from previous landlords.

Fair Housing Act - the Fair Housing Act, as amended in 1988, prohibits discrimination in housing based on race, color, religion, national origin, sex, physical or mental handicap, or living with children, expect that housing for older persons may exclude children.

Fees - monies collected from tenant that will not be returned at the end of the tenancy. Amount must remain consistent amongst tenants in the same building or comparable units. Fees may be used for applicant screening, cleaning, pets, etc.

Fire Safety and Protection Notice - effective June 13, 2002, owners and managers of multi-family properties must make certain disclosures regarding fire safety at the time the lease is signed. Single-family residences are exempt from the disclosure law.

[return to top of page](#)

G

Guest - a person who does not have the rights of a tenant but stays in/on the premises for a set period.

[return to top of page](#)

H

Habitable - A rental unit that is fit to live in. Legally speaking, "habitable" means that the rental unit is fit for human occupation and that it complies with the building and health codes that materially affect tenants' health and safety.

HAP (Housing Assistance Payments) contract - this form of HAP contract is used to provide Section 8 tenant-based assistance under the housing choice voucher program (voucher program) of the U.S. Department of Housing and Urban Development (HUD). The main regulation for this program is 24 Code of Federal Regulations Part 982.

[return to top of page](#)

I

Income Property - Real estate bought or developed to earn income through renting, leasing or price appreciation. Income property can be residential or commercial. Residential income property is commonly referred to as "non-owner occupied".

Inventory and Inspection Checklist - if a landlord collects a security deposit or damage deposit from a tenant, the tenant and landlord must have a written checklist or statement specifically describing the condition and cleanliness of or existing damages to the premises and furnishings, including, but not limited to, walls, floors, countertops, carpets, drapes, furniture and appliances. The statement must be signed by both the landlord and the tenant. The landlord needs to provide a copy to the tenant. *Note:* be sure to use very descriptive words on the checklist - avoid using words like "good, fair or poor". Take pictures to document the condition of the unit.

[return to top of page](#)

J

Joint Venture - An investment entity formed by one or more entities to acquire or develop and manage real property and/or other assets.

[return to top of page](#)

K

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L

Landlord - means the owner, lessor or sublessor of a dwelling unit or the property of which it is a part, and in addition means any person designated as representative of the landlord.

Lead Based Paint Disclosure - this document must be provided to all tenants before they enter into a rental agreement if the properties were built before 1978.

Lease - a written or oral contract between a landlord and a tenant that transfers the right to exclusive possession and the use of the landlord's real property to the tenant for a specified period of time and for a stated consideration (rent).

Leasee - the tenant.

Lease Renewal - A renewal of the lease for a period of time generally under its original conditions unless otherwise stated in the renewal.

Lease Term – the specified period of time as part of the lease.

Leasing Agent - A real estate agent employed by a licensed real estate broker who leases (rents) property owned by a landlord (lessor) to a tenant (lessee) and has the authority to sign on that lessor's behalf.

Lessor - the landlord.

Low Income Housing Tax Credit (LIHTC) - These are properties that have been given a designation from the IRS, HUD, and the Justice department that govern the rents, criteria for eligible tenants, and landlords about property in exchange for tax credits paid to the owner.

[return to top of page](#)

M

Market Rate Rent - the prevailing monthly cost for renting a premise. It is set by the landlord without restrictions.

Mediation - Involves each side of a dispute sitting down with an impartial person, the mediator to attempt to reach a voluntary settlement. Mediation involves no formal court procedures or rules of evidence, and the mediator does not have the power to render a binding decision or force an agreement on the parties. If a written agreement is reached in mediation, the agreement can become a legally enforceable and binding contract.

Mold Handout - a landlord must provide information to a tenant about the health hazards associated with exposure to indoor mold. Information may be provided in written format to each tenant, or may be posted in a visible, public location at the dwelling unit property. The information must detail how tenants can control mold growth in their dwelling units to minimize the health risks associated with indoor mold. The information must be provided by the landlord to new tenants at the time the lease or rental agreement is signed.

Month to Month Tenancy - When premises are rented for an indefinite time, with monthly or other periodic rent reserved; or from period to period on which rent is payable and shall be terminated by written notice in accordance with the lease and law.

[return to top of page](#)

N

Normal Wear and Tear - deterioration which occurs as a results of intended use, without negligence, carelessness, accident, misuse or abuse.

Notice to Quit - A written notice given by the landlord or the tenant to end a tenancy. If a tenant wished to not renew their lease, they are obligated to notify the landlord in writing at least thirty days before the end of the lease.

[return to top of page](#)

O

Occupancy Standards - Occupancy standards can vary from city, county and State. According to HUD (the U.S. Dept. of Housing and Urban Development) landlord can set their own "reasonable" occupancy standards. HUD, recommends compliance with the Building Officials and Code Administrators (BOCA) guidelines. This code provides occupancy guidance based on the square footage of a housing unit and various portions of the unit rather than on how many bedrooms does the unit have. "Every dwelling unit must contain a minimum gross floor area not less than 150 sq. ft. for the first occupant and 100 square feet for each additional occupant. Every room occupied for sleeping purposes by one occupant shall contain at least 70 sq. ft. of floor area and every room occupied for sleeping purposes by more than one person shall contain at least 50 sq. ft. of floor area for each occupant. Occupancy standards that are less than 2 persons per bedroom generally will raise a question of lawfulness.

[return to top of page](#)

P

Percentage Lease - A commercial property lease stipulating that a percentage of the tenant's gross or net sales made on the specific premises will constitute the rent. With a percentage lease, there is usually a clause for a minimum rental amount. A ceiling rent may also be provided for.

Property Manager - A liaison between the landlord or property owner and the tenant. Some property owners hire a property manager to handle the administration of their rental property such as the advertising empty rental units, dealing with rent issues and tenant complaints, and signing and renewing rental leases.

Proration - Expenses, either prepaid or paid in arrears, that are divided or distributed between landlord and tenant at the signing of the lease.

[return to top of page](#)

Q

Quiet Enjoyment - An implied assurance that the landlord will not interfere with the reasonable use and enjoyment of a leased property by a tenant.

[return to top of page](#)

R

Rent - a fixed, periodic payment made by a tenant of a property to the owner/manager for possession and use of the unit, usually by prior agreement of the parties.

Rental Application - form that applicant fills out to apply for a rental unit. Should, at minimum, include a space for full name, date of birth, social security number, past three addresses with previous owner

contact information and current employment information (including contact information). Best to include questions about criminal background and eviction history as well. *Note:* ALWAYS request to see a valid copy of the applicant's drivers license at the time of application.

Rental Criteria - a set of criteria than an applicant must meet in order to qualify for tenancy. Must apply criterion consistently and fairly from applicant to applicant (at the same or comparable property) to avoid Fair Housing issues.

Rental Period - the length of time between rental payments

Renter's Insurance - insurance protecting the tenant against property losses as well as protect tenant against liability for claims or lawsuits filed by the landlord or other alleging that the tenant negligently injured another person or property.

Rent to Own - Typically, this is a lease where you would have the option to buy, and part of your rent may go towards the purchase of the house.

[return to top of page](#)

S

Section 8 - The Section 8 Rental Voucher Program increases affordable housing choices for very low-income households by allowing families to choose privately owned rental housing. The public housing authority (PHA) generally pays the landlord the difference between 30 percent of household income and the PHA-determined payment standard-about 80 to 100 percent of the fair market rent (FMR). The rent must be reasonable. The household may choose a unit with a higher rent than the FMR and pay the landlord the difference or choose a lower cost unit and keep the difference.

Security Deposit - Monies paid to the landlord by a tenant as a deposit or security for performance of the tenant's obligations in a lease or rental agreement. There are laws that must be followed if a landlord accepts a security deposit.

Seven Day Notice to Pay Rent or Vacate - if a tenant defaults in payment of rent, a Seven Day Notice to Pay Rent or Vacate needs to be served to the tenant to begin eviction proceedings. In Michigan, you can not include in the form monies due which are outside the definition of rent (i.e. damage charges, unpaid security deposits, etc.).

Single Family House - A detached dwelling on a piece of land (real estate) that typically is for one family's use.

Studio/Studio Apartment - An apartment with one large room, a kitchenette, and a private bathroom. Comfortable enough for one person, the single large room is meant to serve as the bedroom, the dining room, and the living room. Studio apartments are sometimes called efficiency apartments; however, an efficiency apartment has a smaller kitchenette.

Sublease/Sublet - an agreement between the original tenant and a new tenant by which the new tenant takes over the lease of a rental unit. Both the original tenant and the new tenant are still responsible to the landlord.

[return to top of page](#)

T

Tenancy - The exclusive right of the tenant, secured by a rental agreement between the tenant and the landlord, to use and possess the landlord's rental unit on payment of rent. Tenancy can also refer to the duration of the occupation.

Tenant - The person having the exclusive right to use and occupy rental property in accordance with a rental lease or agreement. Sometimes referred to as the "lessee", the tenant is allowed to use and occupy the rental property as long as he/she complies with the terms and conditions stipulated in the rental agreement.

Thirty Day Notice to Terminate – (Michigan) this form is used to notify a tenant that they are to vacate the property at the end of their current rental period (must be given at least 30 days in advance). This form is also used when a tenant breaches the lease or rental agreement in ways other than failing to pay rent.

[return to top of page](#)

U

Uninhabitable - A rental unit with enough serious problems or defects that the health and/or safety of tenant is affected. A rental unit is considered uninhabitable if it is not fit for a human residency, or if it fails to substantially comply with building and safety code standards.

[return to top of page](#)

V

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W

Wear and Tear - Damage, depreciation or loss in value caused by weathering and age, as well as a tenant's normal and reasonable use of a rental property. In many leases, the tenant is not responsible for "normal wear and tear".

Writ of Restitution - in landlord tenant actions, a writ is a judge's order, usually issued 10 days after a judgment, allowing an eviction to proceed.

[return to top of page](#)

X

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Y

NO REAL ESTATE TERMS BEGINNING WITH THE LETTER Y FOUND

Z

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[return to top of page](#)