- **Accounts Payable ("AP")** – Money owed by a company to its creditors.
- **Accounts Receivable ("AR")** – Money owed to a company by its debtors.
- **Accounts Receivable Financing** – Using amounts owed by customers as collateral in raising a secured short-term loan. In case of default, the lender has the right to collect receivables directly from the named debtors.
- **Acquisition** – The purchase of most or all of a company's ownership stakes in order to assume control of the company.
- **Acquisition Financing** – The type of funding obtained by a business with the purpose of buying another business.
- **Appraisal** – Impartial analysis and evaluation conducted in accordance with established criteria to determine the value of something.
- **Appraisal Approach** – The method used to determine an asset's value. The appraisal approach values an asset on several factors, such as cost, the income it generates or a comparison of the market value of the asset.
- **Assessment** – The procedure used to determine the value of a property and/or the income of an entity, in order to charge taxes to that property or entity.
- **Asset** – Property owned by a person or entity that has value.
- **Asset-Based Finance** – A business loan secured whereby the asset being bought is used as collateral.
- **Asset-Based Lending** – The type of financing in which the asset being bought is used as collateral.
- **Associate Company** – A company over which another company exercises a degree of control, which is less than the degree of control exercised over a subsidiary.
- **Balance Sheet** – A report that summarizes all of an entity's assets, liabilities, and equity as of a given point in time.
- **Bank Confirmation Letter ("BCL")** – A letter confirming that a loan or line of credit has been established with specific financial institution; it's a letter provided by the buyer's bank to confirm that the buyer has sufficient funds to carry out the transaction, but it's not a guarantee that the end buyer is going to buy/pay.

- **Bank Guarantee** – A promise from a bank or lending institution that if a borrower defaults on a loan, the bank will cover the loss.
- **Bilateral Contract** – An agreement between two parties that contains a promise by each party to fulfill certain obligations to fulfill it.
- **Bill of Sale** - A document that transfers ownership of an asset from one party to another.
- **Bills Payable** – A document that shows the amount owed for goods or services received on credit.
- **Buy-In-Management-Buy-Out ("BIMBO")** – Type of "LBO" which incorporates characteristics of "MBO" and "MBI", when existing management along with outside managers decide to buy out a company. The existing management represents the buy-out portion while the outside managers represent the buy-in portion.
- **Bridge Financing** – A short-term loan advanced to cover the period between the termination of one loan and the beginning of another.
- **Bridge Insurance** – Insurance that covers damage to bridges.
- **Bridge Loan** – A short-term loan advanced to cover the period between the termination of one loan and the beginning of another.
- **Broker** – A person who acts as an agent for others, as in negotiating contracts, purchases, or sales in return for a fee or commission.
- **Business Exit Strategy** – The method by which a business owner intends to get out of an investment.
- **Business Guarantee** – An agreement in which debts incurred by a business are the responsibility of the business. It shifts the responsibility for debts incurred by the business owner to the business itself.
- **Business Liability Insurance** – Insurance that protects a business in the event of a lawsuit.
- **Business Plan** – Written document that describes in detail how a business — usually a startup — defines its objectives and how it is to go about achieving its goals; written roadmap for the firm from marketing, financial and operational standpoints.
- **Capitalization** – Conversion of the retained earnings of a firm into capital through a new issue of stock.

- **Capitalization Rate** – The interest rate used to calculate the present value of a number of future payments.
- **Cash Flow** – The difference between the available cash at the beginning of an accounting period and the available cash at the end of the same period.
- **Cash Flow Return on Investment ("CFROI")** – The measurement of a company's cash return on invested assets. It is determined by dividing a company's gross cash flow by its gross investment.
- **Cash Flow Statement** – A statement every publicly traded company must file each quarter indicating all cash inflows and cash outflows from all sources, whether they are business activities or the company's investments.
- **Certified Financial Statement** – A financial statement outlining a company's financial activities that has been prepared by a Certified Public Accountant.
- **Chapter 7** - A chapter of the United States bankruptcy code under which companies and individuals liquidate their assets in order to repay their debts.
- **Chapter 9** – A chapter of the United States bankruptcy code available exclusively to municipalities, that assists them in restructuring of their debts.
- **Chapter 10** – A chapter of the United States bankruptcy code which states the terms under which a small company may file for bankruptcy protection while it prepares a reorganization plan.
- **Chapter 11** – A chapter of the United States bankruptcy code which states the process of the reorganization of a bankrupt company under the supervision of a court.
- **Chapter 12** – A chapter of the United States bankruptcy code which states a type of bankruptcy that may be filed by family farmers or family fisherman.
- **Chapter 13** – A chapter of the United States bankruptcy code under which individuals may attempt to restructure their finances in order to repay their debts.
- **Chapter 15** - A chapter of the United States bankruptcy code which allows proceedings for a foreign debtor or other related parties to access United States Bankruptcy Courts.
- **Chattel**– An item of property other than real estate.
- **Closing Costs** – The expenses associated with buying real estate.

- **Collateral** – An item of value that is pledged to guarantee repayment of a loan.
- **Collateralization** – When a borrower pledges an asset as collateral in the event that the borrower defaults on a loan.
- **Collateralized Debt Obligation ("CDO")** – An asset backed security backed by the receivables on loans, bonds or other debt.
- **Commercial and Industrial ("C&I") Loan** – A loan to a business rather than to an individual consumer to provide either working capital or to finance a major capital expenditure.
- **Construction Bond** – Form of surety bond specific to construction that guarantees the performance of the builder according to project specifications.
- **Construction Loan** – A short-term loan used to finance the construction of a home.
- **Construction Mortgage** – A short-term loan used to finance the construction of a home.
- **Current Market Value ("CMV")** – The current price an asset would receive if it were sold.
- **Debt-To-Capital Ratio** – The ratio of a company's total debt compared to its total capital, its debt and equity combined.
- **Debt/EBITDA** – The ratio of a company's ability to pay off its incurred debt.
- **Debt/Equity Ratio** – A measure of the ratio between a company's assets provided by creditors to assets provided by shareholders.
- **Debt Consolidation** – The combining of several debts into a single, more favorable loan.
- **Debt Restructuring** – The restructuring of the terms of a loan to a company in order to avoid default on payments.
- **Deed in Lieu of Foreclosure** – A deed in which a borrower transfers all interest in a real property to the lender to satisfy a loan that is in default to avoid foreclosure.
- **Default** – The failure by a company to pay its legal obligations of debt repayment when due.
- **Default Judgment** – A binding judgement in favor of a party based on a failure to act by the other party.

- **Default Risk** – The risk that a company will be unable to make necessary payments on their obligations in a timely manner.
- **Discounted Cash Flow ("DCF")** – A valuation method used to estimate the value of an investment based on its expected future cash flows; DCF analysis attempts to figure out the value of an investment today, based on projections of how much money it will generate in the future.
- **Due Diligence ("DD")** – The process of investigating an asset prior to purchase to ensure there are no unexpected problems with the asset.
- **Earnest Money** – Is money paid by a buyer showing commitment to a purchase after a seller has accepted the buyers offer.
- **EBITDA** – Refers to a company's earnings before the deduction of interest, taxes, depreciation and amortization expenses.
- **EBITDA-To-Interest Coverage Ratio** – A ratio used in accessing a company's financial staying power by determining if it is profitable enough to pay off its interest expenses.
- **Equity Participation** – Ownership shares in a company or property.
- **Escrow Agent** – A third party agent that holds a document or asset on behalf of a party to be delivered to a beneficiary within a specified time as specified in the escrow agreement.
- **Escrow Agreement** – An agreement that describes the terms by which one party deposits an asset with a third party who will deliver the asset to another party if and when the terms of the contract have been met.
- **Exit Strategy** – A predetermined plan for an owner to exit their business.
- **Extrinsic Value** – The portion of an item's worth that is assigned to it by external factors.
- **Fair Market Value** – The price at which property would be change hands between a willing buyer and a willing seller.
- **Feasibility Study** – An assessment of the ability to complete a proposed project.
- **Fiduciary** – A person who has the power or obligation to act for another.
- **Financial Analysis** – The conversion of financial data into useful information for decision making about a company.

- **Full Recourse Debt** – Is a debt that the borrower is responsible for repaying regardless of circumstances such as loss of job or illness.
- **Fully Amortizing Payment** – The monthly mortgage payment, which if unchanged for the life of the loan at the original interest rate, will pay off the loan at the end of its term.
- **General Account** – A deposit account. Assets in a general account can be sued to cover a company’s expenses and are subject to creditors’ claims.
- **Generally Accepted Accounting Principles (“GAAP”)** – The common accounting guidelines as determined by the accounting industry that companies use to compile their financial statements.
- **Gross Earnings** – A company’s income before taxes and deductions.
- **Gross Profit** – A company’s profit after deducting expenses associated with making or selling its products.
- **Gross Sales** – A company’s overall sales reported for any given period.
- **Hard Asset** – A tangible or physical asset. Examples include real estate, oil, gold, or cash.
- **Hard Money** – Currency that is based on an actual fixed item and has value such as gold or silver coins, or a specific type of loan whereby a borrower receives funds secured by real property.
- **Hedge Fund** – Private partnership of investors that operate with little or no regulation from the Securities and Exchange Commission. Hedge funds operate under high risk methods in hopes of realizing large capital gains.
- **Historical Cost** – The original cost of an asset at the time of purchase.
- **Holding Company** – A company that controls other companies through stock ownership but does not typically engage directly in their operations.
- **Hypothecation** – To pledge an asset as collateral for a loan.
- **Identifiable Asset** – Tangible or intangible assets that have value and can provide future economic benefits to a company.
- **Income Approach** – A method of determining the appraisal value of a property on the basis of its opportunity cost.
- **Income Property** – Real estate purchased for the purpose of generating income.

- **Independent Auditor** – A certified public accountant from an outside accounting firm who examines financial records of a company.
- **Industrial Park** – An area designed and zoned for industrial use.
- **Initial Cash Flow** – The initial investment that is paid into a project at the beginning.
- **Insufficient Funds** – A situation where sufficient funds are not available in an account to cover a demand of payment.
- **Interest Rate** – A rate at which interest is paid by a borrower for the use of money borrowed from a lender.
- **International Investing** – When a company or individual from one nation invests in assets of a company based in another nation.
- **Inventory Financing** – A loan made to a company using its inventory as collateral.
- **Invoice Financing** – A form of short-term borrowing used to improve a company's working capital and cash flow.
- **Irrevocable Master Fee Protection Agreement ("IMFPA")** – Irrevocable and binding legal agreement between a buyer, a seller and a business broker (the fee is only paid if and when the transaction is completed).
- **Joint Venture ("JV")** – A business deal in which two or more company's enter a partnership but otherwise retain their distinct identities.
- **Judicial Foreclosure** – A foreclosure that goes through the court system.
- **Key-Money** – An up-front payment fee (sometimes referred to as a "security deposit") typically paid by a hotel operator or franchisor to a hotel owner to secure the entering into of a franchise/long-term agreement.
- **Land Contract** – A written legal agreement used to purchase real estate.
- **Land Lease Option** – *a)* an option that is associated with a lease contract and is used for the purpose of granting the lessee the right to extend the lease beyond its original length. Often the lessee will be required to pay a premium for this option; *b)* when a company purchases a dwelling and pays rent on the land to the landowner.

- **Lease Option** – A type of contract in which a tenant is given the right purchase the leased property under certain circumstances.
- **Lease-To-Own** – A type of contract in which a tenant is given the right, but not the obligation to purchase the leased property often at a predefined price and time.
- **Letter Of Credit** – A letter from a bank guaranteeing a buyer's payment to a seller. In the event that they buyer is unable to make payment, the bank will cover the outstanding amount.
- **Letter Of Comfort** – A letter indicating a willingness from one party to another to enter into a contract.
- **Letter Of Intent ("LOI")** – Document declaring the preliminary commitment of one party to do business with another, which outlines the chief terms of a prospective deal and is commonly used in business transactions.
- **Leveraged Buy-Out ("LBO")** – Acquisition of another company using a significant amount of borrowed money (bonds or loans) to meet the cost of acquisition. The assets of the company being acquired are often used as collateral for the loans, along with the assets of the acquiring company (usually a ratio of 90% debt to 10% equity).
- **Liability** – A legally binding obligation payable to another entity.
- **London Interbank Offered Rate ("LIBOR")** – The interest rate participating banks offer to other banks for loans on the London market. It is the most widely used benchmark for short-term interest rates in the world.
- **Licensing Agreement** – A legal contract between two parties in which the contractual owner of the property gives permission to another to use that property.
- **Lien** – A legal claim against an asset which is used to secure a loan and which must be paid when the property is sold.
- **Liquid Asset** – An asset that can be converted into cash quickly with little or no loss in value.
- **Loan Application Fee** – A fee charged to process an application for a loan.
- **Loan Commitment** – Assurance by a lender to make money available to a borrower.

- **Loan Committee** – A committee that reviews and either approves or rejects a loan application that the initial loan officer does not have authority to approve.
- **Loan Loss Provision** – A noncash expense that books use to account for future losses on loan defaults.
- **Loss Carryback** – When a company retroactively chooses to apply a net operating loss in the current year to the previous profitable year(s) in order to obtain a tax refund for monies already remitted on the profits earned in those years.
- **Management Buy-In ("MBI")** – Corporate action in which an outside manager or management team purchases a controlling ownership stake in an outside company and replaces its existing management team.
- **Management Buy-Out ("MBO")** – Transaction where a company's management team purchases the assets and operations of the business they manage.
- **Market Approach** – A method of valuing an asset by comparing dates from the sales of similar assets that have occurred within the same geographic area and within a recent timeframe.
- **Mechanic's Lien** – A guarantee of payment to builders or contractors for the monies owed to them.
- **Meeting Of The Minds** – When the parties to an agreement all have the same understanding of the terms of the agreement.
- **Merger** – The combining of two or more companies where one company is completely absorbed by the other.
- **Mergers and Acquisitions ("M&A")** – A general term used to refer to the consolidation of companies.
- **Mezzanine Financing** – A hybrid debt / equity type of financing equity financing that gives the lender the right to convert the debt to an equity interest in the company in case of default, generally, after venture capital companies and other senior lenders are paid. In terms of risk, it exists between senior debt and equity.
- **Modified Adjusted Gross Income ("MAGI")** – The total of a household's adjusted gross income and any tax exempt interest income you may have.
- **Negative Amortization** - A loan repayment schedule in which the outstanding principal balance increases rather than amortizing because the monthly payments do not cover the full amount required to amortize the loan. The unpaid interest is added to the outstanding principal to be paid at a later time.

- **Net Income ("NI")** – A company's total earnings after costs of doing business, depreciation, interest, taxes and other expenses have been deducted.
- **Net Loss** – A situation where a company's expenses exceed income during a given period of time.
- **Net Operating Income ("NOI")** – The amount by which a company's operating revenue exceeds operating expenses during a given period of time.
- **Net Worth** – A company's assets minus liabilities.
- **Non-Circumvention & Non-Disclosure Agreement ("NCNDA")** – Agreement used when a business needs to ensure: a) intermediaries (or brokers) who introduce the buyer and seller are not by-passed, and b) the intellectual property disclosed during the negotiations is not disclosed to any third parties.
- **Non-Recourse Finance** – A loan secured by the revenue of the project the loan intends to fund.
- **Non-Sufficient Funds ("NSF")** – A situation where the amount available in an account is insufficient to honor a check drawn on that account.
- **Nonbank Banks** – A financial institution that is not considered as a complete bank because it does not offer both lending and depositing services.
- **Occupancy Rate** – The ratio of units occupied versus the total number available in a building during specified period of time.
- **Open Interest** – The total number of outstanding contracts that are held by market participants at the end of each day.
- **Operating Cash Flow ("OCF")** – A company's earnings before depreciation minus taxes.
- **Operating Expense** – Expenses incurred in carrying out an organizations day to day activities that are not directly related to production.
- **Operating Income Before Depreciation and Amortization ("OIBDA")** – The income generated by a company in a given time period without consideration of capital spending or taxes.
- **Opinion Of Title** – An opinion certifying the state of title to a given piece of property.
- **Option** – A contract through which a seller gives a buyer the right, but not obligation, to buy or sell something at a predetermined price within a specified time period.

- **Oral Contract** – An agreement between parties that is partly or entirely dependent on spoken words.
- **Ordinary Income** – Income derived from the regular operating activities of a company.
- **Organizational Chart** – A diagram representing how an organization is structured.
- **Organizational Structure** – A system used to define a hierarchy within an organization to establish how an organization will operate.
- **Out-Of-Pocket Expenses** – An expense incurred and paid for by an individual for personal use, or relating to one's employment that may or may not be later reimbursed.
- **Outside Earnings** – Any money received by a beneficiary of Social Security who is under the age of 70. Outside earnings are earnings from continuing to work.
- **Overcollateralization ("OC")** – Using an asset as collateral on a loan whereby the value of the asset exceeds the value of the loan.
- **Overcapitalization** – A situation where a company has issued more debt and equity than its assets are worth. This situation is typically remedied by the company buying back shares or paying off debt.
- **Overhead** – Ongoing operational expenses incurred by a business.
- **Owner-Occupant** – A situation where the home owner resides in the home in which he or she owns.
- **Owner Financing** – Financing where the buyer borrows from the seller instead of, or in addition to, a bank.
- **Par –** a level of equality as it pertains to currency.
- **Pari-passu** – Equal in all respects.
- **Face Value** – Also called "Par Value", it's the financial term used to describe the nominal or dollar value of a security, as stated by its issuer. For stocks, the face value is the original cost of the stock, as listed on the certificate. For bonds, it is the amount paid to the holder at maturity,
- **Passive Income** – Income that does not come from active participation in a business such as income from rent or a limited partnership.
- **Past Due** – A bill that has not been paid by the payment deadline.

- **Payback Period** – The time required to recover the principal amount of an investment.
- **Payment Date** – The date when payment should be received by the company.
- **Payout** – The anticipated financial return of an investment over a specified period of time.
- **Per Diem Interest** – Interest earned from the day of closing on a property to the first day of the following month.
- **Percentage of Completion Method** – A method for determining revenue of a contract that is completed over more than one accounting period. Using this method, a portion of total contract revenue and a portion of the estimated contract expenses are recorded in each accounting period.
- **Per Diem Payments** – A daily allowance for expenses.
- **Perfected Lien** – Security interest in the collateral securing a debt that is protected from third party claims.
- **Perfect Title** – A title that is clear and free from any liens attached to it.
- **Performance Bond** – A written guarantee from a third party guarantor given to a client by a contractor to ensure payment of money in case the contractor fails to fulfill the entire contract.
- **Performance Appraisal** – An annual employee review to evaluate an employee's overall job performance.
- **Per Share Basis** – A quantitative value of a stock or mutual fund divided by the total number of outstanding shares.
- **Personal Financial Statement** – A document or spreadsheet that details personal assets and liabilities without including any business related assets or liabilities.
- **Personal Guarantee** – An agreement that makes you liable for your own or a third party's debts or obligations.
- **Personal Income** – An individual's total earnings during a given period.
- **Pipeline** – An investment company whose purpose is to collect investment funds from a group of individual investors and invest them in financial securities. An activity or product that is between the starting point and ending point is considered to be "in the pipeline."

- **Pitch Deck** – Business overview used to raise capital or gain clients or customers, usually presented as a series of slides on a projection screen or in a PowerPoint (accompanies a verbal presentation).
- **Placement** – The sale of securities directly to an institutional or private investor, rather than to the general investing public.
- **Point Of Sale ("POS")** – The point at which a sale is made and the ownership is transferred from the seller to the buyer.
- **Political Risk Insurance** – A type of insurance that can protect the policyholder from the risk that a foreign government will make significant changes to its policies that would result in a loss of investment.
- **Pooled Funds** – A unit trust in which an investor contributes funds that are then invested by a third party.
- **Portfolio Investment** – Investment in securities simply for financial gain without creating long term interest in, or management control of, the organization.
- **Portfolio Income** – Income derived from various types of investments and includes capital gains, interest, dividends and royalties.
- **Portfolio Reinsurance** – Reinsurance whereby the reinsurer takes on a portion of the ceding insurer's entire portfolio.
- **Portfolio Manager** – The professional responsible for the securities portfolio of an individual or institutional investor. The portfolio manager has the fiduciary responsibility to manage the assets prudently and choose which asset types are appropriate for the portfolio.
- **Power of Attorney of Property** – A legal document that transfers the legal right to manage property to the attorney in the event an individual is unable to do so.
- **Power Of Attorney** – A legal document appointing another person to make decisions on your behalf.
- **Pre-Approval** – An evaluation by a lender of a potential buyer that determines if the buyer qualifies for a loan and/or the maximum amount the lender would be willing to lend the buyer.
- **Prepaid Expense** – expenses that are paid in advance of actually incurring them such as rent or insurance.

- **Prepaid Finance Charge** – Charges made in connection with a loan that must be paid by the borrower at the time of close of the loan.
- **Prepaid Interest** – Interest on a loan that is paid in advance of the time it is earned by the borrower.
- **Prepaid Insurance** – Payment made in advance for insurance services that are to be provided over a specified period of time.
- **Prepayment** – To pay a debt in full before its official due date.
- **Prepayment Penalty** – An additional fee imposed by a lender when a loan is paid in full before its official due date.
- **Prime Borrower** – Someone who is considered to have below average credit risk.
- **Prime Rate** – The best available interest rate under most circumstances. It is used as a benchmark for interest rates on business and consumer loans.
- **Prior Lien** – A lien on an assent that has priority over other liens attached to the same property.
- **Private Company** – A company whose ownership is private.
- **Private Equity** – Investment in an organization that is not listed on any stock exchange.
- **Private Finance Initiative ("PFI")** – A method of generating financing through private ventures to fund long term public projects.
- **Private Placement** – The sale of a security directly to a limited number of investors. It is not offered to the public.
- **Privatization** – The process of transferring an enterprise from the public sector to the private sector.
- **Pro-Forma Forecast** – A financial forecast based on pro forma income statements.
- **Production Cost** – Costs related to making or acquiring goods or services that directly generate revenue for an organization.
- **Productivity and Costs** – An economic measurement used to predict future patterns of inflation in the United States economy. Productivity measurement tracks the efficiency of production of goods and services. The cost measurement shows the labor cost associated with production of those goods and services.

- **Profit** – Funds remaining after total costs are deducted from total revenue.
- **Profit/Loss Ratio** – Overall measurement of the profitability of a trading system.
- **Profit and Loss Statement ("P&L")** – A financial report that shows a company's revenues and expenses over a given period of time.
- **Pro Forma** – A financial projection based on assumptions.
- **Project Finance** – A type of financing where project debt and equity used to finance a project are repaid from the funds generated by the project.
- **Project Management** – The application of processes, methods, knowledge, skills and experience used to achieve a project's objectives.
- **Promissory Note** – A written, signed unconditional promise to pay a certain amount of money at a specified time.
- **Proof Of Funds ("POF")** – A document that demonstrates an individual has enough money for a transaction.
- **Property Lien** – A claim against property of someone who owes money.
- **Property Management** – The operation, control and oversight of residential, commercial and/or industrial real estate.
- **Property Tax** – A tax assessed on the market value of real and personal property.
- **Public Company** – A company whose shares are traded on a stock exchange.
- **Purchase Acquisition** – A method of accounting, using market value for the consolidation of two entities' net assets on a balance sheet.
- **Purchase and Sale Statement ("P&S")** – A statement that is given to the customer whenever a position in a contract is offset or closed.
- **Purchase Price** – The price at which property is purchased.
- **Qualified Appraisal** – A document that is made, signed and dated by a qualified appraiser in accordance with generally accepted appraisal standards.

- **Qualified Appraiser** – An individual who has earned an appraisal designation from a recognized professional organization or has met a certain minimum education and experience requirements.
- **Quarterly Earnings Report** – A report made by a public company to report their quarterly performance.
- **Quick Liquidity Ratio** – The total amount of a company's quick assets divided by the sum of its net liabilities.
- **Quorum** – The minimum number of voting members of a group who must be present at a meeting in order to conduct business.
- **Rate of Return** – The amount of revenue an investment generates over a given period of time as a percentage of the amount of capital invested.
- **Real Estate** – Land as well as any physical property attached to it.
- **Real Estate Short Sale** – A sale of real estate for an amount that is less than the amount owed on the property.
- **Reconciliation** – The accounting process used to compare two sets of records to ensure the numbers are accurate and the values are balanced at the end of a certain period of time.
- **Receivables** - An amount due to a company by a customer, supplier or any other party.
- **Refinance** – To repay a loan by securing another loan.
- **Residual Income** – Income that an investment can earn over the minimum rate of return.
- **Return On Equity ("ROE")** – A measure of profitability that calculates how many dollars of profit a company generates with each dollar of a shareholders equity.
- **Return On Investment ("ROE")** – A measure of profitability represented as a company's ratio of net income to its equity capital.
- **Revenue** – The amount of money a company receives during a specific period of time.
- **Risk** – The probability that the actual return on an investment will be lower than the anticipated return.
- **Risk Management** – The practice of identifying potential risks in advance and taking precautionary steps to reduce the risks.
- **Ready, Willing & Able ("RWA")** – It's a notice (also called 'Pre-Advice') issued by a bank, usually via MT799 message,

demonstrating the intent and capability of a client to enter into a financial business transaction both legally and financially, or the intention of a bank to perform actions for the client (to issue a guarantee, letter of credit or other financial instrument). It’s a typical bank-to-bank Proof of Funds (“POF”) method.

- **Sales Comparison Approach (“SCA”)** – An appraisal method whereby a market price of a property is estimated based on sales of similar properties in the area.
- **Sales and Purchase Agreement (“SPA”)** – An agreement that finalizes all terms and conditions in the buying/selling of a company and/or property.
- **Seasoning** – Monetary funds that are verified in a bank account for a specific time.
- **Shares** – A unit of ownership in a corporation or financial asset.
- **Shareholders' Equity** – A company’s total assets minus its total liabilities.
- **Short-Term Debt** – Any debt incurred by a company that is due within one year.
- **Senior Debt** – Debt that has higher priority to be repaid than other debt.
- **Shovel Ready** – The stage of a project where work can begin.
- **Short Sale** – A sale of real estate for an amount that is less than the amount owed on the property.
- **Stated Value** – An arbitrary monetary value that is assigned to a stock for accounting purposes. It is not related to market value.
- **Startup Capital** – Money that is necessary to start a new business.
- **Strategic Joint Venture** – A business agreement between two companies to work together to achieve specific goals.
- **Structured Investment Vehicle (“SIV”)** – A pool of investment assets that attempt to benefit financially from credit spreads between short term debt and long term financing.
- **Subchapter S (“S Corporation”)** – Corporations that elect to pass corporate income, losses, deductions and credits through to their shareholders for tax purposes.

- **Subordination Agreement** – A formal agreement that states one party’s claim or interest is inferior to that of another party.
- **Subprime Credit** – Borrowing subprime debt or loans made to those with less than perfect credit or short credit histories.
- **Subprime Borrower** – An individual with less than perfect credit.
- **Surcharge** – A fee or charge that is added to the normal cost of goods or services.
- **Sweet Spot** – The point at which something provides the optimal balance of costs and benefits in business.
- **Take-Out Lender** – An investor that makes a long term loan at a certain date in the future.
- **Tax Identification Number (“TIN”)** – A number used for identification of entities for tax purposes in the United States.
- **Tax Lien** – A lien on a tax payer’s property stemming from non-payment of income, property, or other taxes. Tax liens take precedence over all other liens on a property.
- **Tenancy in Common** – Joint ownership of property by two or more entities in equal or unequal parts.
- **Tenants In Common (“TIC”)** – Parties who jointly own property in equal or unequal parts.
- **Tenancy by the Entirety** – A type of ownership of property by husband and wife which allows spouses to own property together as a single entity.
- **Term Sheet** – A non-binding agreement that sets forth basic terms and conditions of an investment usually in bullet point format. It is used to develop more detailed binding agreements.
- **Third Party** – A person who is not a party to an agreement, but might be affected by the agreement.
- **Underwriter** – In the securities industry, an underwriter is a company that helps companies introduce new securities to the market. OR In the insurance industry, an underwriter is a person or entity who is liable for insured losses in return for a fee.
- **Vacancy Rate** – The number of units in a building without renters, expressed as a percentage of all units. It is the opposite of occupancy rate.
- **Voting Shares** – Shares of stock that allow the owner to vote on company matters.

- **Venture Capital** – A form of private equity and a type of financing that investors provide to startup companies and small businesses (usually believed to have long-term growth potential and/or expansion) coming from well-off investors, investment banks, and any other financial institutions. Can be monetary or providing technical/managerial expertise.
- **W-2 Form** – A form that an employer must provide to an employee showing total wages paid and the taxes withheld during the calendar year.
- **Warehouse Financing** – An inventory financing arrangement whereby a manufacturer assigns its goods as collateral to be controlled by a third party on behalf of the lending institution.
- **Warranty Deed** – A deed that guarantees clear title to the purchaser of real property.
- **Warranty** – A legally binding assurance that a good or service is as represented and, if not, will be replaced or repaired.
- **Weighted Average Cost of Capital ("WACC")** – Firm's average cost of capital from all sources, including common stock, preferred stock, bonds, and other forms of debt. It's a common way to determine required rate of return because it expresses, in a single number, the return that both bondholders and shareholders demand in order to provide the company with capital (used as the discount rate for future cash flows in discounted cash flow analysis).
- **Window of Opportunity** – A short time period during which an opportunity must be taken advantage of or lost.
- **Wholesale Money** – Funds borrowed by financial institutions in large quantities.
- **Working Capital** – The difference between a company's current assets and their current liabilities.