Glossary of Legal Terms

See also Nolo’s Free Dictionary of Law Terms and Legal Definitions

Abatement - A reduction in some amount that is owed, usually granted by the person to whom the debt is owed. For example, a landlord might grant an abatement in rent.

Abeyance - Temporary inactivity, to hold in suspension; a situation waiting to be settled.

Abscond - To secretly hide, conceal oneself, withdraw or depart.

Acceptance - The act of affirming an offer, either expressly or by implication through conduct, so as to enter into a contract. A contract is a legally binding agreement between two or more parties which starts with an offer from one person but which does not become a contract until the other party signifies an unequivocal willingness to accept the terms of that offer.

Accord & Satisfaction - An agreement between two or more persons or entities, which extinguishes an obligation or settles a claim or law suit.

Accretion - The imperceptible and gradual addition to land by the slow action of water.

Acceleration Clause - A clause in a contract that states that if a payment is missed, or some other default occurs (such as the debtor becoming insolvent), then the contract is fully due immediately.

Acquiescence - Action or inaction which binds a person legally even though it was not intended as such. For example, action which is not intended as a direct acceptance of a contract will nevertheless stand as such as it implies recognition of the terms of the contract. Acquiescence also refers to allowing too much time to pass since you had knowledge of an event which may have allowed you to have legal recourse against another, implying that you waive your rights to that legal recourse.

Account - A statement or detailed explanation covering debits and credits between parties. A record of a financial transaction.

Act - A bill which has passed through the various legislative steps required for it and which has become law. Synonymous to statute, legislation or law.

Act of God - An event which is caused solely by the effect of nature or natural causes and without any interference by humans whatsoever. Insurance contracts often exclude "acts of God" from the list of insurable occurrences as a means to waive their obligations for damage caused by hurricanes, floods or earthquakes, are considered "acts of God".

Accounts Receivable Financing - A continuing agreement by a bank, factor or other means of financing such as, to make a loan secured by its customer's receivables; to retain right of recourse for losses, and to advance funds on accounts without notice to borrower's customers.

Accommodation Endorser - A party who has put his or her name, without compensation, on commercial paper as a guarantor.

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Acknowledgment - Certification by a notary that the signature on the document was personally signed by the individual whose signature is affixed to the instrument.

Action - The formal means of pursuing or enforcing and recovering one's right in a court of law. Taking Action by legal procedures.

Actionable - Subject to and/or affording grounds for an action or lawsuit.

Ademption - When property identified in a will cannot be given to a beneficiary because it no longer belonged to the deceased at the time of death. For example, the particular gift may have been destroyed, sold, lost due to debt in legal action or given away between the time of the will and the owners time of death.

Adjudication - The pronouncing of a judgment in a lawsuit. In Bankruptcy, the term refers to an order of the court declaring that the debtor is bankrupt.

Adjuster - A person who is employed to investigate and effect collection and settlement on an account.

Ad litem - Latin: for the suit. A person appointed only for the purposes of defending an action on behalf of a child or mentally-challenged person. Also called a guardian ad litem.

Administration - The management and disposition of an estate having no executor.

Administrator or Administratrix - One appointed to manage and distribute an estate where the decedent has not left a will, or when an executor has not been appointed or qualified under the will.

Advanced Court Costs - Those funds advanced by the plaintiff so that counsel may pay the appropriate fees for the filing of suit, service of process, trial fees, supplemental actions after judgment, etc. This is not part of attorney's fees.

Affiant - A person who makes and signs an Affidavit.

Affidavit - A statement sworn to and affirmed before an official who is authorized to administer oaths.

Affiliate - A business connected with another through common ownership and management.

Agency - An agency is a collection agency that attempts to collect debts for creditors.

Agent - One who legally acts for another.

Aggravated damages - Highly exceptional damages awarded by a court where the circumstances of the tortious act by the defendant have been particularly humiliating and/or malicious towards the plaintiff/victim.

Aging of Accounts Receivable - A record of customers' accounts receivable and how long they have remained unpaid beyond the terms of sale.

Agreement - A contact or arrangement for a consideration between two or more parties.

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Allegation - A statement of a party to an action, which sets out what he or she intends to prove or contend.

Amend - To correct an error, modify, update or alter any legal document.

Amortization - Provision for the gradual reduction of an obligation by periodically contributing to a fund to discharge a debt or make replacement when it becomes necessary.

Answer - A written statement made by a defendant setting forth the grounds and reasons of his defense.

Antedate - To date a document to a time before it was written.

Antenuptial - An event or document which pre-dates a marriage. For example, an "antenuptial agreement" is one which is signed before marriage.

Anti-trust - (USA) "Anti-trust" legislation is designed to prevent businesses from price-setting or other secret collaboration which circumvents the natural forces of a free market economy, which gives those engaging in the anti-trust conduct, a covert competitive edge.

Appeal - To ask a more senior court or person to review a decision of a subordinate court or person. Appeals can continue all the way up to the Supreme Court, where the decision is final.

Appearance - Coming into court as a party to a suit. Appearances are most often made by lawyers on their clients behalf. Any appearance by a lawyer binds the client. You can make a limited appearance called a "special appearance" to challenge the jurisdiction of the court.

Apportionment - The division and distribution of something into proportionate parts; to each according to their share.

Appurtenance - Something that, although detached, stands as part of another thing. Used often in a real estate context where an "appurtenance" may be, for example, a right-of-way over water, which is part of the legal rights of the owner of another property.

Arbitration - The determination of a dispute by a disinterested third person, or persons, selected by the disputants.

Arraignment - In USA criminal law, the formal appearance of an accused person to hear, and to receive a copy of, the charge against him or her, in the presence of a judge, and to enter a plea of guilty or not guilty. The arraignment is the final preparatory step before a criminal trial.

Arrangement - A plan by a debtor for a settlement, satisfaction and/or an extension of time for payment of unsecured debts.

Arrears - A past due obligation; an unpaid account.

Assent - A declaration of willingness to do something in compliance with a request.
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Assess - To fix the rate or amount.

Assets - Items on a balance sheet which represents the resources or property belonging to an individual or company of anything owned having a money value.

Assign - To give, to transfer responsibility, to another. An assignee is the person who receives the right or property being given and the assignor is the person giving.

Assignee - A person, to whom some right or property is assigned by another.

Assignment - A written contract for transfer of one's title, right or property to another.

Assignment For The Benefit Of Creditors - A transfer to another by an insolvent debtor of any property real or personal for the payment of debts. This form of liquidation is generally simpler and usually offers greater dividends to creditors than does bankruptcy.

Assignor - One who makes an assignment.

Attachment - Taking property into custody of the court, either to satisfy a judgment ultimately to be rendered or as a method of acquiring jurisdiction.

Attorney - An alternate word for lawyers.

Attorney Fees - The charge made by an attorney in the course of preparing and trying a law suit.

Attorney-In-Fact - A person, not necessarily a member of the Bar, yet authorized by another to act in his or her place. This authority is given by an instrument called a power of attorney.

Bad Debt - An account receivable which is not collectible and charged off by creditors.

Bad Debt Reserve - An account to which doubtful or uncollectible receivables are charged.

Bad faith - A person who intentionally tries to deceive or mislead another in order to gain some advantage.

Bankrupt - A debtor adjudged insolvent by a court and whose property is liquidated, turned into cash and then divided among creditors.

Bankruptcy - This is what an individual or company files in their local court in order to protect themselves against creditors or show that they have no money to pay their bills.

Chapter 7 - Total liquidation of all assets.

Chapter 9 - Municipal bankruptcy.

Chapter 11 - Reorganization of a corporate entity. Long-term payout of outstanding creditors.

Chapter 12 - Farm bankruptcy.

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Chapter 13 - Reorganization of individually owned assets.

Beneficiary - In a legal context, a "beneficiary" usually refers to the person for whom a trust has been created.

Bench Warrant - A legal process issued by a court for the arrest of a person for failure to obey a previous order of the court.

Bill Of Exchange - A written order, which may be negotiable or non-negotiable, directing one party to pay a certain sum of money to the drawer or to a third person.

Bill Of Lading - Receipt and contract issued by a common carrier for the shipment of goods.

Bill Of Particulars - A formal written statement setting forth an itemization of an account of which a claim and suit is brought.

Bill Of Sale - A written instrument by which one transfers his rights or interest in chattels and goods to another.

Bona Fide - In good faith.

Brief - A written document prepared by an attorney to serve as the basis of an argument upon a case in court.

Cash Discount - A cash premium or deduction for the payment made within a designated time. Usually offered to encourage prompt payment.

Cause - Grounds for a suit, litigation or action before a court.

Charge Off - A partial or complete reduction of the value of an asset.

Chattel - Any type of personal property as distinguished from real property.

Chattel Mortgage - Security for a debt or obligation in such form that upon failure of the mortgagor to comply with the terms of the contract, the property may pass to the mortgagee (creditor).

Citation - An act or order of the court by which a person is summoned or directed to appear in a proceeding; also, a reference to legal authority.

Citation Proceedings - see Supplemental Proceedings.

Claim - A demand for payment and or an account placed for collection by a creditor.

Client - A person or firm who engages the professional advice or services of another.

Collateral Security - Additional security pledged and which may be resorted to in case of failure of the principal security.
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**Collection Agency** - A professional service in the business of collection past-due accounts or an organization authorized to represent a creditor as its collection agent.

**Commercial Attorney** - A lawyer in the general practice of law, knowledgeable of creditors rights and remedies, and active in the handling of insolvencies and collections.

**Community Property** - Property or profits owned and accumulated by a husband and wife in states having community property laws. Such property or profits are owned in common as a kind of marital partnership.

**Complaint** - The pleading or accusation (by a plaintiff) against a person as having committed an alleged offense or for the recovery of money.

**Composition Settlement** - An agreement by which each creditor is to take payment less than the amount owed in full settlement of its claim.

**Compromise** - An adjustment or arrangement by mutual consent, for settlement of an account or dispute.

**Conflict Of Interest** - When the attorney cannot handle the file sent to him as he may represent the debtor on other cases or for personal reasons.

**Consideration** - The element in a contract without which no contract is binding. The act, promise price or motive for which an agreement is entered.

**Consignment** - An arrangement whereby the consignor (seller) remains the owner of the property until such time as the consignee (buyer) sells the goods; at which time the consignee generally holds the proceeds of the sale in trust for the benefit of the consignor.

**Constable** - A county officer of the court whose duties correspond to those of a sheriff in relation to civil process.

**Contempt Of Court** - Disobedience to the rules or orders of the court; Those acts that are committed in the face of the court (punishable immediately) or When a person fails to obey a court order to perform or refrain from performing certain acts.

**Continuance** - The adjournment or postponement of an action pending in court.

**Contract** - An agreement between two or more persons to do or not to do a particular thing- a meeting of the minds with a consideration.

**Conversion** - In bankruptcy, the converting of a case from one chapter to another.

**Conveyance** - The transfer of an interest in realty; a deed. Sometimes includes leases and mortgages.

**Co-Signer** - One of the joint signers of a document.
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**Corporation** - One or more individuals (determined by local law) organized and treated by law as having a legal individuality distinct from that of its several members; vested with the capacity of continuous succession irrespective of changes in its membership.

**Counterclaim** - Claim asserted by the defendant in opposition to or deduction from the claim of the plaintiff.

**Credit** - Seller's faith in a buyer's willingness and ability to pay for goods and services at a future date.

**Credit Insurance** - The insurance of accounts receivable, within certain limitations, against loss through insolvency or failure of a customer to pay.

**Credit Line** - The assignment to each account of a credit limit which indicates the maximum amount of credit to be extended.

**Creditor** - Person (or firm) to whom a debt is owed by another person (or firm) called a debtor. One to whom money is owed for a business transaction.

**Cross-Complaint** - An action brought by a party sued against the party who sued or against a third party.

**Damages** - Compensation (monetary) which may be recovered in the courts by any person who has suffered loss or injury to his person, property or rights through the unlawful act, omission or negligence of another.

**Debt** - A specified sum of money owing to one person from another, including not only the obligation of the debtor to pay, but the right of the creditor to receive and enforce payment.

**Debtor** - One indebted or owing money to another.

**Decision** - A judgment or decree pronounced by a court in determination of a case. Including any formal deciding of a dispute.

**Decree** - An order of the court, determining the rights of all parties to a suit.

**Deed** - A written contract to transfer ownership of property.

**Default** - The failure to fulfill a duty, observe a promise, discharge an obligation, or perform an agreement.

**Default Judgment** - A judgment granted when the defendant fails to respond or appear in court for hearings of any kind.

**Defendant** - The person defending or denying a claim; the party against whom a suit or a charge is brought in court.

**Defense** - A denial by the defendant of the validity of the plaintiff's complaint.

**Defunct** - Refers to a business that has ceased to exist or is without assets.
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**Delinquent** - A past-due obligation or an overdue account.

**Demand Letter** - Letter sent by the attorney's office when a claim is received, notifying the debtor that the client has hired an attorney to collect the debt.

**Denial** - A legal form of pleading, refusing to admit the truth of a statement, charge, and so forth.

**Deponent** - One who makes deposition under oath and whose testimony will be given in writing.

**Deposition** - Testimony given under oath outside of court for the purpose of obtaining information in preparation for a court trial.

**Discharge** - To cancel or release an obligation. To receive a discharge in bankruptcy is to be released from all or most debts depending on type of bankruptcy.

**Discovery** - Pre-trial action for the discovery of facts or information in connection with a lawsuit.

**Dishonor** - Failure to make a payment of a negotiable instrument on its due date.

**Dismissal** - An order terminating the case prior to its normal end.

**Dissolution of A Corporation** - Termination by surrender or forfeiture of its charter by proceedings for winding up its operations under law and ending its existence.

**Distribution** - One or more dividend payments made to creditors who have approved claims filed in a bankruptcy, assignment or receivership.

**Dividend** - A sum of money paid and distributed to shareholders of a corporation or creditors of an insolvent business.

**Endorsement** - The act of writing one's name on back of a note, bill, check or similar written instrument making the endorser a party to the instrument and liable, under certain conditions, for its payment.

**Equity** - The value less liabilities of a property or business. Also means, Remedies under the law to determine fairness, right and justice.

**Escrow** - The delivery of property conditionally to a third person (escrow holder), who holds it until the happening of an agreed upon event and then redelivers it to the owner according to the terms of the agreement.

**Estate** - The interest which one may have in lands or other property. Also, the property of a deceased person.

**Execution** - A court order issued to enforce a judgment. Execution also refers to completion of a written instrument by signing, sealing, acknowledging, and delivering the instrument.

**Exempt** - To release or be free from some liability to which others are subject. Also, it can mean that property not available for seizure.

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**Exemption** - The right given a debtor to retain authorized portions of his or her property, wages, or earnings from claims by creditors.

**Fictitious Trade Style** - A term used in the transaction of business when the firm name does not clearly disclose the true name of the individual owner or partners.

**Fiduciary** - A person entrusted with the duty to act for the benefit of another person or who manages money or property for another.

**Filed Answer** - Debtor indicates that he owes the debt and will pay it or he disputes the debt.

**Filing Claims** - To preserve a creditor's rights and to receive its share of payment, it is often necessary to file a formal claim in a proper manner and within a time prescribed by law. Filing is generally required in bankruptcy matters, probate proceedings, assignments, receiverships and estates of minors and incompetents.

**Fixed Assets** - Any tangible property used in carrying on the operation of a business but will not be consumed or normally converted into cash (land, buildings, machinery, so forth).

**Forced Sale** - A sale made under a court order and in the manner prescribed by law.

**Foreclosure** - A legal sale of mortgaged property by a creditor to obtain satisfaction of the mortgage out of the proceeds of the sale.

**Foreign Corporation** - A corporation created by and under the laws of a state other than the state in which it is doing business.

**Forwarder** - A forwarder may be an attorney, a collection agency, a credit bureau, a credit insurance company, or any other entity, which acts on behalf of the creditor as its agent, in the referral of claims for collection.

**Forwarding Contract** - A forwarding contract is the agreement entered into between the creditor and the receiver, specifying among other things the commission agreed upon between the receiver and the creditor as the receiver's compensation for effecting collection, in whole or in part, of a commercial claim.

**Fraudulent Conveyance** - A transfer of property with the intention to defraud a creditor or avoid payment of a debt.

**Free Demand Letter** - A precollection letter sent by a collection agency to a debtor requesting that payment be made to a creditor by a given date.

**Garnishee** - A person or entity having possession of money or property belonging to a defendant, who is served with a writ of attachment or execution.

**Garnishment** - The legal process by which property due to a debtor and in the hands of a third person is attached.

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**Guarantee** - To assume the liability for such debts of another in the event of his default.

**Guarantor** - A person who undertakes to guaranty something or act as surety.

**Hearing** - Legal proceedings in which arguments of the interested parties are heard in court.

**Homestead** - To record a homestead, exempts such a home from legal execution or forced sale in satisfaction of certain debts, except any excess over the exempt value. Individual state laws apply.

**Indemnify** - To insure or secure someone against loss or damage. Also, to make reimbursement to one for a loss already incurred.

**Indemnity** - An agreement to insure or reimburse another in case of damage or failure to fulfill an obligation.

**Injunction** - A writ or order by the court requiring the doing or refraining from doing of an act.

**Insolvency** - Condition of a person who is unable to pay his debts as they fall due.

**Interrogatories** - A series of formal written questions used in the examination of a party or a witness prior to trial.

**Intestate** - Dying and failing to bequeath one's property or leave a valid will.

**Joint Liability** - Liability imposed upon two or more persons.

**Joint Tenancy** - A joint holding of property by two or more persons with agreement that upon the death of one, the full title to the estate shall remain with the survivor.

**Judgment** - A formal court decree granting or denying a plaintiff's claim.

**Judgment Proof** - A judgment debtor from whom collection cannot be made because the person has no assets or has concealed or removed property subject to execution.

**Judicial Lien** - A lien obtained by judgment, levy or other legal proceeding.

**Jurisdiction** - The authority by which courts hear and determine controversies.

**Keeper** - A custodian installed in a place of business by a levying officer under an execution or attachment, for the purpose of realizing payment from the defendant (debtor) either voluntarily or by a legal (forced) sale of the assets.

**Law List** - A directory of attorneys.

**Lease Contract** - An agreement under which equipment or facilities can be obtained on a rental payment basis for a given period of time.

**Legal Composition** - Identification and description of the lawful ownership or title to a business.

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**Letter Of Credit** - A letter addressed by a banker to a correspondent bank guaranteeing payment, when evidenced by documents confirming shipment of goods. This can be an irrevocable or revocable letter of credit.

**Levy** - An action by a court officer to satisfy an execution or attachment by the seizure and holding or sale of property.

**Liabilities** - Obligations or debts owed by a business to its creditors.

**Libel** - Written or printed words (or pictures) that degrade or defame a person.

**Lien** - A legal claim or hold which one person has upon the property of another as security for the payment of a debt or performance of an obligation.

**Limited Partnership** - A partnership consisting of one or more general partners who are jointly and severally responsible, and one or more special partners (limited) who are not liable for the debts of the partnership beyond their original financial commitments.

**Liquidated Account** - An account that is certain, fixed and settled as to amount by the act and agreement of the parties or through law.

**Liquidation** - Going out of business, settling accounts and paying off any claims or obligations.

**Marginal Business** - A sale made to a credit risk from whom payment may be delayed because the business may not have sufficient operating capital.

**Marshal** - An officer of the court whose duties correspond to those of a Sheriff in relation to civil process.

**Minor** - A person who is under age or has not reached legal maturity as prescribed by a state.

**Mortgage** - A conditional conveyance of property as security for the payment of a debt or the performance of a duty, that becomes void upon payment or performance according to the stipulated terms; usually applicable to personal or real property.

**Mortgagee** - A person that takes or receives a mortgage.

**Mortgagor** - The party who makes a mortgage.

**Motion** - An application, either written or oral, addressed to the court requesting a ruling on a matter of law or equity.

**Necessities Of Life** - Essentials commonly required by all persons to maintain life (whatever their employment or status), e.g., food, clothing, shelter, medical care, light and heat, etc.

**Negligence** - The failure by a reasonable person to use sufficient care, diligence and skill which he required to use for the protection of others from injury or damage.

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**Negotiable** (Instrument) - An instrument obligating the payment of money which is transferable from one person to another by endorsement and delivery or by delivery only.

**Net** - The full amount the customer is expected to pay. The amount left after necessary deductions are taken out.

**Net Worth** - The total assets of a business less the total liabilities.

**No Asset Case** - An insolvent estate with no dividend available or possible for creditors.

**Non-Contingent Suit Fee** - Money sent to the attorney which is kept for filing a lawsuit.

**Non-Dischargeable Debt** - Certain debts are not included in the debtor's discharge. Some are automatically excluded. Others to be excluded require action by the creditor.

**Notice Of Protest** - A formal statement that a certain bill of exchange, check or promissory note was presented for payment or acceptance, and that such payment or acceptance was refused.

**Nulla Bona** - Return of writ of execution by the sheriff after a search has been made and no assets found.

**Objection** - Protesting something and referring the question of its propriety or legality to the court.

**Obligation** - A legal duty by which a person is bound to do or not to do a certain thing or an amount of money one is legally bound to pay.

**Offer** - To present a proposal for acceptance or rejection.

**Option** - The exercise of the power of choice; also, a privilege which may give one the exclusive right to buy or sell property at a given price within a specified time.

**Paid Direct** - Payment made directly to a creditor on an account being handled by a collection agency or an attorney.

**Particulars** - A written, detailed statement of the items of a plaintiff's demand, or the defendant's setoff in a lawsuit.

**Partnership** - An association of two or more persons (or entities) to carry on as co-owners of a business and sharing in its profits or losses (not necessarily equally).

**Past-Due** - Payment delayed beyond an agreed upon settlement date.

**Perfection** - The proper recording or filing of an instrument, thereby giving notice to the world; usually applied to the perfecting of a security interest under the Uniform Commercial Code.

**Perjury** - False swearing; a willful false statement given under oath in a judicial proceeding.

**Personal Property** - Things temporary or movable as distinguished from real property.

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**Petition** - An application in writing for an order of the court.

**Petition In Bankruptcy** - An official document filed in a Federal court to have a debtor declared bankrupt.

**Plaintiff** - One who commences a court action against a defendant.

**Pleadings** - Formal allegations, either written or oral, make by the parties of a lawsuit stating their respective claims and defenses in the action.

**Pledge** - A deposit of personal property as a security for the performance of an act or satisfaction of an obligation and/or a promise.

**Power Of Attorney** - An instrument in writing authorizing another to act as agent on behalf of the person whose signature appears on the document.

**Preference** - Paying or securing to one or more creditors, by an insolvent debtor, of all or a part of a claim to the exclusion of other creditors or special advantage given to someone.

**Preferred Creditor** - A priority claimed by a creditor over others.

**Principal** - The owner or person primarily liable.

**Priorities** - Debts entitled to payment before general creditors in bankruptcy. Also, the right held by a creditor by virtue of a lien or security to be satisfied out of the debtor's assets before other creditors.

**Probate** - Official processing of a will to prove its authenticity. Upon accepting the validity of a will, there is generally an administration of the estate to carry out the directions of the deceased, to discover and collect assets, to pay all proper claims and taxes and to make ultimate distribution to those entitled to it.

**Promissory Note** - A signed promise in writing to pay a specified sum at an expressed time on demand.

**Proof** - Evidence that establishes truth or falsehood of fact.

**Proof Of Claim** - A claim form required to be filed with the court in the estate of a bankrupt (or similar proceedings), if a creditor is to receive payment (or its pro-rata share) of a debt owed.

**Property** - Anything which is the subject of ownership whether real or personal, tangible or intangible.

**Proprietorship** - Single ownership of a business.

**Pro-Rata** - A calculated proportionate share or sum.

**Pro-Rate** - Voluntary cash payment and distribution by a debtor of a uniform percentage.

**Protest** - A formal document declaring the dishonor of a negotiable instrument.

**Quash** - To overthrow; to make void or annul a court order; to cancel.

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**Quid Pro Quo** - The giving of one valuable thing for another, something given for something.

**Quitclaim** - To release or relinquish claim or title to, especially in deeds to real property.

**Ratify** - To approve or confirm a contract or act performed by another.

**Real Property** - Land and everything that is permanently affixed to it.

**Receiver** - A person who is appointed by a court to receive, and hold in trust, property in litigation.

**Receivership** - A court procedure to help a distressed debtor or to resolve a dispute. If this cannot be accomplished, liquidation may result.

**Reclamation** - A term used in bankruptcy to denote a right or proceeding on the part of a person having title to property to recover the same when it is in possession of the bankrupt, debtor, receiver or trustee.

**Record** - To place on file in official books. The recording of a judgment in the county of the judgment debtor becomes a lien on all the debtor's real property not exempt from execution.

**Release** - To relinquish or surrender a privilege, right or claim by one in favor of another.

**Remittance** - When a debtor makes payment to the attorney, the attorney puts the money into his account to clear. After it has cleared, the attorney makes a remittance to the forwarder, which is less his commissions.

**Reorganization (under the Bankruptcy Act)** - Debtor reorganizes, rather than liquidates, and creditors claim future earnings of the bankrupt, rather than property presently held.

**Replevin** - An action by an attorney to recover property sold under contract when the purchaser refuses to surrender such goods voluntarily and is in default of the terms of the agreement.

**Repossession** - see claim and delivery

**Rescind** - To void or cancel an agreement or contract.

**Retainer** - A retainer is a sum of money paid in advance to retain the services of an attorney, and should be taken into account in determining the ultimate fee to be charged for services rendered and results obtained.

**Retroactive** - Effective as of a past date.

**Return** - The answer made by a Sheriff, or other officer, to the court stating what has been done to execute a writ previously issued.

**Reversed** - A term used by a higher court to indicate that the decision of the lower court has been set aside.

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**Revoked** - To recall, cancel or wipe out the legal effect of something.

**Sale** - Transfer of ownership and possession of property from one to another for a sum of money or for other consideration.

**Satisfaction** - The discharge of an obligation by paying a party what is due.

**Satisfaction of Judgment** - Written evidence that a recorded judgment has been paid or settled.

**Schedules** - Technically, the schedules of assets and liabilities; is also commonly used to include the statement of financial affairs.

**Secured Claim** - Where a claim is secured by a lien, the code limits that secured claim to the value of the property less any higher priority liens.

**Secured Creditor** - A creditor holding a lien (secured claim) on property.

**Security** - A guarantee, as applied to an obligation, such as a mortgage, given a debtor to insure the payment or performance of its debt.

**Security Agreement** - An agreement whereby assets of a buyer, or borrower, are pledged as security for a loan or extension of credit.

**Security Interest** - Any interest in property acquired by contract for the purpose of securing payment or performance of an obligation.

**Setoff** - A counter claim that a defendant has against a plaintiff and which arises out of a different transaction.

**Settlement** - This is when the debtor offers a sum of money or products to settle a debt.

**Sheriff** - A county officer charged with the execution and enforcement of civil and criminal law. Duties may include serving various court orders and conducting court sales to satisfy judgments.

**Skip** - This is when the debtor leaves the area in which he incurred the debt and cannot be located.

**Skip Tracing** - A service and attorney uses in order to locate the debtor.

**Solvent** - An individual, partnership or corporation able to pay its legal debts as they become due (where assets exceed liabilities).

**Status Report** - This is a regular report that the attorney must write to the forwarder informing him of each and every thing that is being done to collect the file.

**Statute of Limitations** - A law which limits the length of time within which a suit must be commenced before the right to sue is lost.

**Statutory Lien** - A lien arising under a statute, not including a security interest or judicial lien.

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**Stay** - An order of the court to postpone a legal proceeding.

**Stipulation** - An agreement made by opposing attorneys incidental to a court action. To specify the terms of an agreement.

**Subordination** - An arrangement by which certain claims may not be paid before others.

**Subpoena** - A writ or order directed to a person and requiring his or her attendance at a particular time and place, to testify as a witness.

**Subpoena Duces Tecum** - An order not only for the purpose of compelling a witness to appear in court, but also requiring the witness to bring books and records which may be in his or her possession and which may tend to disclose information or explain the subject matter of the trial.

**Subrogation** - The substitution of one person in place of a creditor whose rights he acquires.

**Suit Fee** - A suit fee is a fee payable to the receiver in addition to the commission, for legal services rendered by the receiver for the creditor involving court action in connection with the prosecution of a commercial claim. These monies may be made, in whole or part, contingent.

**Suit Filed** - This is when an attorney files a lawsuit in the local court to have the court rule on the validity of the claim.

**Summary Judgment** - A remedy for having the court decide a case on affidavits and pleadings without the necessity of a full trial; usually granted when no trialable issue is presented.

**Summons** - A writ or notice requiring a person to appear before a court to answer a complaint by a certain date.

**Supplementary Proceedings** - A statutory action and procedure requiring the debtor to answer, under oath, questions put by the creditor's attorney.

**Surety** - A person who agrees to be liable for the debt or contractual obligations of another.

**Tenancy In Common** - Two or more persons who hold land or other property in common.

**Third Party Claim** - A demand made by a person (not a party to an action) for delivery or possession of personal property, title to which is claimed by the third party.

**Trial Date** - Once the lawsuit is filed, the court sets a trial date when the matter will be heard by a judge.

**Trustee** - One who is entrusted with property for the benefit of another (or creditors).

**Turnover Proceeding** - A summary proceeding authorized under the provisions of the Bankruptcy Act requiring a bankrupt to turn over property to a receiver or trustee for administration.

**Unsecured Claim** - A pre-petition claim which is not a priority claim and is not a secured claim is an unsecured claim.

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**Unsecured Creditor** - A creditor without a lien. Unsecured claims may or may not have priority.

**Untertaking** - Legally refers to a bond or other security, which must, by law, be furnished before certain legal steps, may be taken.

**Underwriter** - One who joins with others in entering into a policy of insurance as the insurer.

**Uniform Commercial Code (U.C.C.)** - Laws governing commercial transactions updated, standardized and approved by the National Conference Of Commissioners On Uniform State Laws.

**Usury** - Charging an illegal rate of interest; unlawful interest in excess of the rate established by law.

**Venue** - The place where an action is tried, generally based on locality or judicial district, in which an injury occurred or a material fact happened, or where defendant resides.

**Verdict** - The formal decision or finding of a judge or jury.

**Verification** - An affidavit, under oath, swearing that a writing is true.

**Waiver** - The intentional or voluntary yielding or relinquishment of a known legal claim, right or privilege.

**Warrant** - A writ issued by a judge or competent authority, directing a Sheriff or officer to make an arrest or search.

**Writ** - An order issued from a court in the name of the sovereign or state directing the person named to comply with the directions contained therein.

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