



REAL ESTATE TERMINOLOGY



Amenities: Useful features of a property, such as a garage, security system or swimming pool.

Appraisal: The estimated market value of a property. A professional appraiser examines a property and does other research (typically on comparable properties) to determine the estimated market value. The appraiser provides a written report to the lender.

Assessment: The property value determined by local government to figure annual property taxes.

Buyer's Agent (or buyer's broker): A real estate agent (or broker) who represents the buyer in a real estate transaction.

By-laws: The official, written rules and regulations of a neighborhood association or housing cooperative.

Closing: When the final, formal documents in a real estate transaction are completed, signed, and transferred to the new owner.

Commission: In a real estate transaction, the commission is a payment to the real estate broker for marketing and assisting with the sale of a property. The commission amount is a specific percentage of the price of the property.

Comps (comparables): Comparing sold properties that have similar locations, sizes, and features to figure fair market value of a specific property.

CMA (Comparative Market Analysis): An analysis by a real estate professional to determine fair market value of a property by comparing similar sold properties to the property in question.

Contingency: A specific condition added to a contract that must be met in order for the contract to be binding. In real estate, contingencies can include financing, inspections, repairs, etc.

Contract: A legally binding agreement between two parties for the purchase and sale, or exchange, of real estate.

Counter-offer: A new offer made by the buyer or seller in response to another offer that has been rejected.

Covenant: A written agreement or promise. In real estate, covenants usually refer to the rules or zoning regulations within a certain area.

Dual Agent: A real estate agent or broker that is representing both the buyer and the seller for the same real estate transaction. The dual agent is not allowed to share confidential information to either party.

Due Diligence: Researching and investigating a property to confirm the legal, financial and other facts about a property before entering into a contract to purchase the property.

Earnest Money: The amount of money a buyer offers in good faith when making an offer on a property.

Equity: The difference between the value of a property and the amount owed on the property.

Escrow: An account used to hold money for future costs.

Fair Market Value: The price a property could (or does) sell for on the open market.

Home Inspection: A physical examination of a home's structure and systems, performed by a professional home inspector.

Home Warranty: A policy or service agreement that covers unexpected repairs (or replacements) of home appliances and systems for a specified period.

Listing: The information about a property that is shared publicly to market the property for sale (typically on the MLS database).

Listing Contract: An agreement between a real estate broker and the seller of a property where the seller agrees to have the broker (or agent) market and help them sell their property.

MLS (Multiple Listing Service): a database service used by real estate agents for property listings. The MLS is available to member brokers (and their agents).

Mortgage: The legal documentation of the terms and conditions of a loan used for the purchase of a property.

Offer: A buyer submits a written proposal to a seller, offering to buy their property for a certain price, subject to other specific conditions and contingencies. Once both the buyer and the seller sign an offer, it becomes a legally binding purchase agreement.

Pest Inspection: Inspection of a property by a licensed professional to determine if the property has been damaged by or infested with insects, bugs or termites.

Pre-approval: A lender confirms a borrower's financial situation and determines eligibility for a specific loan amount.

Pre-qualification: A lender estimates how much someone can borrow based on general information provided about the borrower's overall financial situation.

Principal: The amount of money borrowed for a loan. The principal amount goes down each month as payments are made.

Real Estate Agent (or salesperson): a licensed professional who represents buyers and sellers in real estate transactions. Agents work under the supervision of a licensed real estate broker.

Realtor: A real estate agent who is a member of the National Association of Realtors (NAR). Realtors are bound by the association's standards and code of ethics.

Real Estate Broker: A real estate agent with additional training and certifications. Brokers have passed the broker exam and can work independently, as well as hire real estate agents to operate under their supervision.

Real Estate Disclosure: The seller of a property discloses, or shares, knowledge of specific issues, problems, defects or repairs that can affect the value of the property.

Seller's Agent: A real estate agent (or broker) who represents the seller in a real estate transaction.

Title: The legal document that specifies the official owner of a property.

Title Company: A company that researches legalities associated with the title of a property. They also issue the title insurance for the property.

