



Real Estate Glossary

- Adjustable Rate Mortgage (ARM) - The interest rate is tied to a financial index making the monthly mortgage payment go up or down over time.
- Annual Percentage Rate (APR) - The percent of interest that will be charged on a home loan.
- Appraisal - A report highlighting the estimated value of the property completed by a qualified 3rd party. This is typically done for the benefit of the buyer to ensure the property is worth what they are paying.
- Closing - This is the final meeting where the buyer and seller sign the necessary paperwork, complete the transaction, and release/take possession of the property.
- Closing Costs - The buyer and seller have expenses associated with the transaction other than that of the actual cost of the home. For example, the buyer has a variety of fees due for obtaining a new loan and the seller must pay commission to both agents.
- Collateral - Something of value (in this case your home) that is held to ensure repayment of a mortgage or loan.
- Contingencies - Conditions which must be met in order to make a real estate contract binding
- Clear to Close - A buyer's bank will issue a clear to close when all conditions to obtain financing has been met. This generally allows the closing to be scheduled.
- Deed - the legal document that transfers the title from the seller to the buyer.
- Debt to Income Ratio - A lender will look at a borrower's debt versus income to determine the amount of loan they are eligible for and if they can repay their debt plus the home loan.

- Deposit - The amount a buyer will deposit with a real estate contract. It's then deposited and (generally) held by the listing real estate agent and credited to the buyer at closing
- Distressed Property - Property of a homeowner who was unable to keep up with the mortgage payments and/or tax bill on the property. It is common for a distressed property to be sold below market value.
- Down payment - A percent of the cost of the property that is paid up front as a part of the mortgage.
- Escrow - The time period from when the contract is written and accepted by the seller to when the home sale actually closes.
- Equity - The difference in the market value of a home versus what is owed on the home.
- FHA - A mortgage that is financed through a private lender and insured by the Federal Housing Administration, often requiring a lower down payment and income to qualify.
- For Sale By Owner (FSBO) - The process of selling real estate without the help and representation of a real estate agent/broker.
- Lender - is a person or party who loans out money. It can be a bank, credit union, corporate entity, or investor.
- Listing - a home that is for sale
- Listing agent - The agent who represents the seller in the home buying process.
- Mortgage broker - The broker is the individual or company who is responsible for taking care of all of the aspects of the deal between the borrowers and lenders.
- Pre-Approval - this is a letter obtained from the buyer from a bank stating an estimate of how much the bank will lend them. This helps in determining what the buyer can afford.

- Principal - the amount of money borrowed to purchase a home. When paid off, it builds equity in the home. Principal along with interest make up the monthly mortgage payment.
- Real estate agent: - a professional with a real estate license who works under a broker to assist both buyers and sellers during the home-buying process.
- Real estate broker - a real estate agent that are allowed to work independently, it's the next rank above a real estate agent
- Seller's Concession - Seller concessions are closing costs that the seller has agreed to pay. Sometimes, you can ask the seller to contribute to specific closing costs. Other times, sellers may simply pay a percentage of the total closing costs
- Settlement - the final stage in the home transaction, where the ownership of the property is transferred from the seller to the buyer.
- Short Sale - is when a homeowner in financial distress sells their property for less than the amount due on the mortgage.(homeowner missed 3 payments of the mortgage due to hardship)
- Survey. - a property survey confirms a property's boundary lines and legal description. It's used to make sure the property is worth the amount of moneu provided in the loan.
- Title - a document that lists the legal owner of a piece of property.
- Title Insurance - this protects the owner of the policy from financial loss that may occur, post closing, due to defects in the title to property.