

# REAL ESTATE JARGONS



## **A GUIDE FOR BUYERS AND SELLERS**

## A-C

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**Appraisal:** A professional estimate of a property's market value, usually conducted by a licensed appraiser. Appraisals are often required by lenders to determine how much they are willing to lend.

**Closing Costs:** Expenses that buyers and sellers must pay during the closing of a real estate transaction. These include taxes, title insurance, and lender fees.

**Comparative Market Analysis (CMA):** A report that real estate agents use to estimate a property's value by comparing it to similar properties recently sold in the area.

**Contingency:** A condition that must be met for the real estate contract to be binding. Common contingencies include financing, inspections, and appraisals.

## D-F

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**Down Payment:** The initial payment made by a buyer when purchasing a home, typically expressed as a percentage of the purchase price.

**Earnest Money:** A deposit made by the buyer to show serious intent to purchase the property. This amount is held in escrow and applied to the purchase price at closing.

**Escrow:** A neutral third party that holds funds or documents until specific conditions are met in a real estate transaction.

**FSBO (For Sale By Owner):** A property being sold directly by the owner without involving a real estate agent.

## G-I

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**Home Inspection:** An examination of a property's condition, usually performed by a licensed inspector. It's a crucial step for buyers to uncover any potential issues with the home.

**Homeowner's Association (HOA):** An organization in a planned community, subdivision, or condominium that establishes and enforces rules and collects fees for maintenance and amenities.

**Interest Rate:** The cost of borrowing money, expressed as a percentage of the loan amount.

## J-L

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**Lien:** A legal claim against a property as security for a debt or obligation. A lien must typically be resolved before the property can be sold.

**Listing:** A property that is for sale, typically marketed by a real estate agent on behalf of the seller.

**Loan-to-Value Ratio (LTV):** The ratio of a loan amount to the appraised value of the property, expressed as a percentage. Lenders use this metric to assess risk.

## M-O

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**Multiple Listing Service (MLS):** A database that real estate agents use to share information about properties for sale.

**Offer:** A formal proposal from a buyer to purchase a property, usually including price and terms.

**Open House:** A scheduled time when a property for sale is open to potential buyers for viewing.

## P-R

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**Pending:** A property status indicating that an offer has been accepted but the transaction has not yet closed.

**Pre-Approval:** A lender's conditional agreement to lend a certain amount, based on the buyer's financial situation.

**Real Estate Agent:** A licensed professional who represents buyers or sellers in real estate transactions.

**Refinance:** The process of replacing an existing mortgage with a new one, typically to secure better terms or lower interest rates.

## S-U

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**Short Sale:** A sale where the seller's proceeds are less than the amount owed on the mortgage, and the lender agrees to accept less than the balance due.

**Title:** A legal document proving ownership of a property.

**Underwriting:** The process lenders use to evaluate the risk of lending money to a borrower. It includes reviewing credit, income, and the property's value.

## V-Z

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**Variable Rate Mortgage:** A type of mortgage where the interest rate can change periodically, based on an index.

**Walkthrough:** A final inspection by the buyer before closing to ensure the property is in the agreed-upon condition.

**Zoning:** Local government regulations that dictate how a property can be used, such as residential, commercial, or industrial.

## final tips

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- Don't hesitate to ask your real estate agent or lender to clarify any terms you don't understand.
- Familiarize yourself with these terms early in your buying or selling journey to feel more prepared and confident.

With this guide, you're better equipped to navigate the complex world of real estate. Good luck on your journey!