



Real Estate Glossary



This glossary explains common real estate terms in plain language to help everyone stay informed throughout a transaction.

A

Appraisal – A professional opinion of a property’s market value, typically ordered by the lender.

Adjustable-Rate Mortgage (ARM) – A loan with an interest rate that can change after an initial fixed period.

As-Is – A property sold in its current condition, with no repairs required by the seller.

Amortization- Time period for paying a mortgage, typically 15 or 30 years.

B

Buyer’s Agent – A licensed real estate professional who represents the buyer’s interests.

Backup Offer – An offer that becomes active if the primary contract falls through.

Balanced Market- A market with equal number of buyers and sellers, leading to stable sales prices and reasonable selling times.

Bridge Financing- A short term loan for buying a new home before selling the old one, more common in seller’s markets.

Buyer’s Market- A market with more homes than buyers giving buyers more options and greater negotiating power

C

Closing – The final step in a real estate transaction when ownership transfers to the buyer.

Closing Costs – Fees paid at closing, including lender fees, title fees, taxes, and insurance.

Contingency – A condition that must be met for the contract to proceed (e.g., inspection or financing).

Comparative Market Analysis (CMA) – An estimate of value based on recent comparable sales.

Condominium Ownership- Owning a unit and a shared common area with maintenance handled by a condominium association.

Contract- A legal agreement to purchase a home or property which may be contingent on factors such as inspections or financing.

D

Deed – The legal document transferring ownership of real property.

Deposit (EMD)- An upfront payment showing buyer's interest. Applied to purchase price at closing.

Down Payment – The portion of the purchase price paid upfront by the buyer (usually 3.5%-20%) depending on loan type.

Due Diligence – The period when the buyer investigates the property (inspections, review of disclosures).

E

Earnest Money Deposit (EMD) – Funds submitted with an offer to show serious intent to purchase.

Equity – The difference between the home's value and the amount owed on the mortgage.

Escrow – A neutral third party that holds funds and documents during the transaction.

F

FHA Loan – A government-backed loan insured by the Federal Housing Administration.

Final Walkthrough – A last inspection by the buyer before closing to ensure the property's condition hasn't changed.

First Time Homebuyer Assistance- Programs to help first time buyers with financing- check with lenders for eligibility.

Fixed Rate Mortgage- A Mortgage with a set interest rate for a fixed period.

H

Home Inspection – A professional evaluation of a property's condition helping buyers avoid risks.

HOA (Homeowners Association) – An organization that manages rules and fees for a community.

Home Appraisal- A professional assessment of a home's market value required by lenders for financing.

I

Interest Rate – The cost of borrowing money, expressed as a percentage.

Inspection Contingency – A clause allowing renegotiation or cancellation based on inspection results.

L

Listing Agent – The agent who represents the seller.

Loan Estimate – A standardized form outlining estimated loan costs and payments.

Loan-to-Value Ratio (LTV) – The loan amount divided by the property's appraised value.

Land Survey- Defines property boundaries, useful for resolving disputes or property changes.

M

Market Value – The price a buyer is willing to pay and a seller is willing to accept.

MLS (Multiple Listing Service) – A database where agents share property listings.

Mortgage Insurance – Insurance protecting the lender if the buyer defaults.

Mortgage Loan Insurance- Insurance required if the down payment is less than 20% protecting the lender in case of default.

O

Offer – A written proposal outlining a buyer's price, terms, and conditions, once accepted it becomes the contract.

Origination Fee – A lender fee for processing a loan.

P

Pre-Approval – A lender's conditional commitment showing how much a buyer may borrow.

Purchase Agreement – The contract outlining the terms of sale.

Principal – The amount borrowed, not including interest.

R

Radon Test – A test measuring radon gas levels in a home.

Recording – Filing legal documents with the county to make the sale official.

S

Seller Concessions – Costs the seller agrees to pay on behalf of the buyer.

Settlement Statement – A breakdown of all costs and credits at closing.

Seller's Market- A market with more buyers than homes often leading to higher prices and multiple offers.

T

Title – Legal ownership of a property.

Title Insurance – Insurance protecting against financial loss due to defects in the title like legal issues or code violations.

U

Under Contract – A property with an accepted offer and signed agreement.

Underwriting – The lender's process of verifying loan eligibility.

V

VA Loan – A mortgage backed by the Department of Veterans Affairs for eligible buyers.

This glossary is for educational purposes only and does not replace professional or legal advice.