



## Homeowner's Glossary of Real Estate Terms

### A

**Acceptance:** In relation to real estate, the agreement to the terms of an offer is an acceptance and creates a contract or agreement between the parties who have been negotiating. These contracts become valid and binding once all parties have agreed to and signed the document. Breaking a contract is likely to result in a potential lawsuit and should be avoided.

**Accompanied Showings:** Showings, or viewings, of a home that are accompanied by the listing agent, in addition to the prospective buyers and the agent they have chosen to represent them.

**Addendum:** In real estate, an addendum is used to add, remove or alter some part of an existing listing, sales or other contract between either the seller and the listing agent or the seller and the buyer. Addendums become part of the original agreement and must be properly approved and initialed or signed by all parties concerned. (See also: [Rider](#).)

**Agent:** Someone authorized to act on behalf of another person. In matters of real estate, an agent can be a listing agent, buyer or selling agent, or a dual agent. A listing agent represents the interests of the person or persons selling the property. A buyer or selling agent, represents the interests of the prospective buyer or buyers. A dual agent, meaning both the agent and the brokerage they represent, may represent the interests of both parties in the transaction. (See also: [Listing Agent](#), [Buyer's Agent](#), [Selling Agent](#), [Seller's Agent](#), [Real Estate Agent](#).)

**Amended Value:** A term often used when sellers are working with relocation companies to sell their home. An amended value is the actual price that the home sells for when the seller chooses to work with a real estate broker to sell their home, instead of using the relocation company. The amended value is generally higher than the price offered by the relocation company.

**Appraisal:** An accepted method of determining the value of real estate. Appraisals are completed by licensed, qualified property appraisers. When part of a real estate transaction, mortgage lenders usually insist upon a current property appraisal performed by a disinterested, licensed appraiser before issuing final loan approval to the buyer. There are different types of appraisals and sellers should be aware that the appraisal required for their buyer to secure a mortgage is likely to be a different type than one that they might seek during their ownership to determine actual value. (See also: [Sales Comparison Appraisal](#), [Cost Approach Appraisal](#), [Appraised Value](#), [Assessed Value](#), [Market Value](#).)

**Appraised Value:** The value established as the result of a professional property appraisal performed by a properly licensed property appraiser. (See also: [Appraisal](#), [Sales Comparison Appraisal](#), [Cost Approach Appraisal](#), [Assessed Value](#), [Market Value](#).)



**Appreciation:** A term denoting the increase of a property's value, based on factors such as the condition of the property, the local economy and current market conditions.

**Appointments:** Scheduled times for listing or showing appointments. Sellers can set preferences for appointments when listing their home for sale by discussing their needs with their listing agent.

**As Is Condition:** A term meaning that a property is being offered for sale in its current condition, with no warranties. This type of sale is usually reserved for properties that have potential condition issues or flaws that result in a listing price that is lower than it would be if it were in good condition.

**Asking Price:** The property price, as asked by the seller. During a real estate transaction, the asking price can be part of the negotiation process and may be less or more than the final, contracted sales price paid by the buyer. (See also: [Listing Price](#).)

**Assessed Value:** A property value used in determining taxation and other fees to be charged to the property owner. Assessed values are commonly used by local city and county governments, condominium boards and homeowner's associations. (See also: [Appraisal](#), [Appraised Value](#), [Sales Comparison Appraisal](#), [Cost Approach Appraisal](#), [Market Value](#).)

**Assignee:** In a real estate transaction, an assignee is the party to whom property rights are being transferred. For example, a real estate buyer becomes the assignee when purchasing the property. (See also: [Assignor](#).)

**Assignor:** In a real estate transaction, an assignor is the party transferring property rights. For example, a real estate seller is the assignor when selling (transferring property rights) to the buyer (assignee). (See also: [Assignee](#).)

**Assumable Mortgage:** A mortgage structured in such a way that it can be taken over, or assumed, by a willing, qualified buyer who meets the terms of the original mortgage.

**Assumption of Mortgage:** The term for assuming, or taking over, and accepting the legal responsibility for an existing mortgage and agreeing to be bound by the seller's original mortgage terms.

**A/I:** An abbreviation commonly used to denote a real estate purchase contract that is in pending status, subject to contingencies for attorney review and buyer inspections.

## **B**

**Back-Up Agent:** A qualified, properly licensed agent who steps in to help clients as a substitute for an agent who is away or unavailable for some reason.



**Back-Up Contract:** An offer or contract that takes a secondary position to the existing one. Back-up contracts are automatically moved into position as the primary contract, should something occur to make it become invalid. Back-up contracts fall to the side and have no bearing, once the first contract has been fully consummated. (See also: [Back-Up Offer](#).)

**Back on Market (BOM):** A term and abbreviation commonly used to signify that a property has been returned to the active real estate market after being removed or placed under a contract that did not prove viable.

**Back-Up Offer:** An offer that is accepted by the seller contingent upon the failure of an already accepted offer on a property. A back-up offer can act as an insurance policy for sellers who have concerns about the viability of their current sales contract.

**Binder:** A term for a preliminary agreement that seeks to show the buyer's good faith. Real estate binders often include an earnest money deposit to denote the buyer's serious intent to purchase the property.

**Board of REALTORS® (BOR):** The local association of REALTORS®, usually in a specific region, city or geographic area.

**Bridge Loan:** A limited duration loan to assist buyers in bridging a gap between their existing mortgage and a new mortgage on a home they want to purchase or build. Common uses of a bridge loan are when buyers must close on their next home while their first home is still on the market or waiting to close. The bridge loan is satisfied as part of obtaining permanent financing.

**Broker or Real Estate Broker:** Licensed under strict laws by their state, a broker is authorized to act in the capacity of an agent for another person, such as a property seller or buyer and can legally negotiate for the purchase, lease or sale of real property. Real estate brokers are also legally authorized to operate a real estate brokerage company and bear responsibility for the real estate sales agents whom licenses they hold. (See also: [Real Estate Broker](#).)

**Broker's Market Analysis (BMA):** A term commonly used in reference to a real estate broker's opinion of the expected net sale amount of a property, as determined after the property has been acquired by a third-party company.

**Broker of Record:** The managing broker of a real estate brokerage office. The broker of record must be properly licensed and registered with their state's real estate licensing authority.

**Broker's Tour:** Also sometimes informally referred to as an "office or board tour", a broker's tour is a way to expose all area brokers and agents to a wide range of listings and allow them to view them conveniently. Broker's tours are usually done at certain, preset times on a weekly or monthly basis. (See also: [Caravan](#), [Office Tour](#).)

**Buyer or Buyers:** A person or persons who purchases some type of real estate.



**Buyer's Agent or Buyer's Broker:** A real estate professional who actively represents the best interests of one or more buyers. Buyer's agents can be any properly authorized and licensed agent, broker or salesperson who forms a buyer's agency agreement with a buyer. The commission of a buyer's agent can be paid by either the seller or the buyer, depending on the details of the purchase contract. Buyer's agents typically show properties to their buyers, write offers, negotiate contracts and work with their buyer(s) to successfully complete the purchase.

## C

**Caravan:** A set date and time when area real estate agents and brokers view new listings as part of an enhanced marketing effort. (See also [Broker's Tour](#), [Office Tour](#).)

**Carrying Costs:** The costs for real property include property taxes, insurance, interest, utilities and any other expenses incurred in maintaining a property.

**Certificate of Title:** A document verifying ownership rights in a property.

**Certificate of Occupancy:** A document provided by the local government that verifies newly constructed homes, condo and other residential property as having been properly built in accordance with current codes and regulations and found to be ready for occupancy.

**Clear Title:** When ownership of a property is free of defects, encumbrances and unapproved liens, it is said to have a clear title.

**Closing:** The final step in a real estate sales transaction and the point at which the deed is delivered to the buyer, all legal documentation is signed, the funds associated with the sale are dispersed and, in most cases possession is given to the buyer or buyers.

**Closing Costs:** Expenses incurred during the real estate transaction process. Closing costs can vary but generally include fees for attorney costs, title preparation, credit reports, document preparation, appraisals, survey, deed recording, homeowner's insurance, etc. In many areas, it is customary for some closing fees to be shared by both the buyer and the seller.

**Commission:** Compensation a seller pays to the listing brokerage for marketing and selling a property. Commission or sales commission amounts are negotiable and are generally taken from the seller's proceeds at closing.

**Commitment Letter:** Also called a Loan Commitment or Loan Commitment Letter, a commitment letter is the formal offer from a lender to make a mortgage loan based on certain conditions and to do so by a certain date in time. A commitment letter offers additional importance to a buyers offer and should be taken more seriously than a buyer who has not received a commitment letter from their lender. Commitment letters, however, should not be confused with generic pre-approval letters from a lender, as those merely acknowledge that the buyer has begun an application process and do not offer the commitment of a loan. (See also: [Loan Commitment](#).)



**Comparative Market Analysis:** The term used to describe an informative study used by real estate professionals to help determine the best listing price for a particular property, using information about recent, comparable listed, sold and pending properties in the area.

**Competitive Market Analysis:** Similar to a Comparative Market Analysis, a Competitive Market Analysis uses information taken from the area real estate market to inform a prospective seller about market conditions as part of the pre-listing process.

**Comprehensive Loss Underwriting Exchange (CLUE):** A national database of property insurance history used to assist in assigning individual consumer risk scores.

**Condo Association or Condominium Association:** The association of owners in a particular condominium complex.

**Condominium By-Laws:** The rules used to manage a condominium complex. Condominium By-Laws are considered and passed by the Condominium Association.

**Condominium Right of First Refusal:** Someone, either a person or association, who possesses the right to have the first opportunity to purchase or meet another offer on a particular condominium whenever it becomes available.

**Contingency:** A term for a provision in a real estate sales contract that requires the completion of certain acts before the sales contract becomes binding, such as contingency offer that specifies that a buyer must be approved for a mortgage or sell a previous home before closing on another. Contingencies are commonly used for loan approvals, inspections and other provisions.

**Continue to Show:** A term to describe the seller's request that their home continue to be shown to prospective buyers, while under a contingency purchase contract.

**Contract for Deed:** A type of installment sales contract in which the buyer receives possession of a property with the seller continuing to hold title until the loan has been paid in full.

**Contract of Sale:** A purchase agreement between the home seller (also called a transferee) and a third-party relocation company.

**Conveyance:** The term that signifies the transfer of a property's title from the former owner to the new owner.

**Cost Approach Appraisal:** An appraisal that seeks to establish property value in accordance with what it would cost to build a comparable property.

**Cooperating Commission:** The portion of the sales commission offered to another agent, usually a buyer's agent or buyer's broker for bringing a successful buyer for a seller's agent or seller's



broker's listing. In many areas this amount is typically half of the amount negotiated for the entire sales commission.

**Counteroffer:** A response by the seller to the buyer or by the buyer to the seller as part of the negotiating process after the initial offer has been made.

**Covenants:** A clause or wording in a document, such as a deed or mortgage, that states the owner will abide by certain conditions or rules. (See also [Deed Restriction](#).)

**Credit Report:** An official report, compiled by an authorized credit bureau, that contains an individual's credit history. Lenders commonly use credit reports to determine qualifications for loans.

**Curb Appeal:** The visual impression given by a home or property when viewed from the street.

## D

**Days on Market (DOM):** The number of days a property has been actively listed for sale.

**Deed:** The term for the document that legally transfers ownership of a property from seller to buyer. Deeds must be signed by both sellers and buyers before being recorded by the county recorder or land records office.

**Deed Restriction:** Similar to a covenant, deed restrictions restrict property owners from using their land in certain ways. Deed restrictions are included in the wording found on the property deed. (See also: [Covenants](#).)

**Deed of Trust:** An instrument used by some states to convey ownership in a property that is being used as security for mortgage or other loan. A deed of trust can be used to mortgage, sell or subdivide property.

**Delivery:** The term used for the process of legally transferring a property deed by the seller and having it recorded with the county recorder.

**Deposit:** A sum of money used as a good faith deposit by a prospective buyer when making an offer on a property. If the real estate transaction closes, the money is usually applied to the buyer's side of the closing statement. If the real estate transaction is not successfully closed, the funds may be returned to the buyer. (See also: [Earnest Money](#).)

**Depreciation:** A loss of property value caused by age, natural wear and tear or economic conditions.



**Disclosure:** The act of providing important factual information about a property. In many states, real estate sellers are required to disclose known defects concerning their property, such as a faulty foundation, roof or issues with the boundary lines.

**Distressed Property:** A property or home that has known condition or other issues that affect its market value.

**Distressed Sale:** The sale of a distressed home or property. Distressed sales usually have a lower final sales price but may have more limited financing options than a home or property that is in fair or better condition.

**Down Payment:** An amount of money that equals the difference between the purchase price of property and the amount of the mortgage. Many mortgages require buyers to put a predetermined percentage of the purchase price down as a requirement of the loan.

**Drive-By:** A term used for when a real estate professional drives by a property, listed or pre-listed, and views it from the vehicle, without doing a walk-through.

**Dual Agent:** A term used to describe a real estate agent or brokerage representing both sides of the transaction, such as when an agent is working for both the buyer and the seller. Dual agency requires disclosure to all parties.

**Due Diligence:** The act of making the best possible effort to ensure that all information about a property is factual.

**Due on Sale Clause:** Contractual language often found in mortgage closing documentation informing borrowers that the lender retains the right to demand payment of the balance in full, should they allow the loan to be transferred or assumed in any way.

## **E**

**Earnest Money:** Funds paid by the buyers and held in escrow until closing. In most cases the earnest money is applied to the purchase price of the property at closing, unless the transaction fails, at which time the earnest money is usually refund to the buyers. (*See also: [Deposit.](#)*)

**Easement:** The term for a legal document that gives specific property rights, usually including right of way access, and limited use or enjoyment of the property.

**Equity:** The portion of a property's value that belongs to the homeowner, after subtracting the amount of any outstanding loan balance.

**Equity Loan:** A type of real estate loan solely based on the amount of the homeowner's equity in the property.



**Escrow:** The term to describe the holding of another person or person's funds for a future use. In a real estate transaction, the earnest money deposit is usually held in the escrow account of the real estate broker until closing.

**Escrow Agent:** An attorney, person or company that agrees to handle all escrow arrangements in return for a fee. Sometimes called a title agent or title company.

**Escrow Instructions:** Specific, written instructions for the escrow agent to use in preparing to close the escrow. Both buyers and sellers must sign off on the escrow instructions.

**Exclusions:** Items of personal property or fixtures that are specifically and formally excluded from a real estate listing or sales contract.

**Exclusive Agency Listing:** A type of listing agreement that gives a real estate broker an exclusive right to sell their home or property for a certain time frame and at a certain fee.

**Extension:** A contractual agreement by all parties of a real estate transaction to extend a specific time frame.

**Expired Listing:** The term that denotes a property listing that has expired, or reached the end of its contractual agreement.

## **F**

**Fair Market Value:** The median price of a property based upon the upper limit of what a buyer is willing to pay for it and the lower limit of what a seller is willing to accept as payment in accordance with a competitive market.

**First Right of Refusal:** The legal right given to a person that allows them to have the first opportunity to lease or purchase a home or property.

**Fixture:** Anything permanently attached to a home or property, becoming part of the property. Examples are carpeting, draperies, built in appliances, etc.

**Flat Fee:** A fixed amount of compensation paid or received for a specific real estate service.

**For Sale By Owner (FSBO):** The term commonly to identify a home or property that is being sold by the owners without the assistance of a real estate professional.

## **G**

**Grantee:** In a real estate transaction, the grantee is the party to whom interest is being conveyed.



**Grantor:** In a real estate transaction, the grantor is the party conveying, or granting, the interest to the grantee.

**Gross Sale Price:** The agreed upon sale price, before the amount of any concessions are subtracted.

**Guaranteed Offer:** The actual amount offered by an employer for the property of a transferring employee, after the appraisal value is determined.

## H

**Hazard Insurance:** A type of insurance policy designed to protect property owners from hazards, such as hail damage or fire.

**Home Inspection:** A formal inspection of the interior and exterior of a home by a qualified, neutral third party to determine the condition and the presence of any defects. Many buyers make their offers contingent upon the findings of the home inspection.

**Homeowner's Association (HOA):** An association of property owners in a specific area that collects dues from each member and enforces agreed upon rules, restrictions and covenants.

**Homeowner's Insurance:** Another term for hazard insurance. Homeowner's insurance policies protect borrower's interest from losses due to fire, hail, vandalism, theft, etc.

**Homeowner's Warranty:** A warranty typically offered by sellers or builders as a condition of the sale to protect buyers from specific future repair or maintenance issues.

**House or Home Closing:** The term denoting the final part of the real estate transaction and the point in which all contractual and legal actions are completed and ownership of the home transfers to the buyer or buyers.

**HUD - The United States Department of Housing and Urban Development:** The government agency that enforces fair housing laws and offers programs related to housing.

## I

**Inclusions:** A listing of personal property or fixtures that are being included in the listing or sale of a home or property.

**Inspection Rider:** An addition, or rider, to a real estate purchase agreement stating that the property is being sold by the sellers in as-is condition.

**Installment Land Contract:** A type of property transaction giving the buyer physical possession while the owner retains the deed until the purchase price is paid in full.



**Internet Data Exchange (IDX):** The agreement between real estate brokerages that allow advertisement of each other's property listings.

**Investment Property:** A home or other property not used as the primary residence by the owner(s) and is, instead, used to earn income or is held for potential advantages related to future depreciation or appreciation.

## **J**

**Joint Tenancy:** A term used to denote legal co-ownership in real property. In joint tenancy, ownership of the property immediately transfers to the surviving party, should the other party become deceased.

## **L**

**Landlord:** The party who owns or leases a property and is responsible for renting it out.

**Lead Based Paint:** A type of toxic paint that was commonly used in residential housing prior to its use being outlawed in 1978. Owners of property built before 1978 must disclose the possibility of lead based paint to potential buyers or renters.

**Lead Based Paint Disclosure:** The formal disclosure required on properties built prior to 1978 to disclose the possible existence of lead based paint.

**Lease:** The term for the legal agreement between a tenant and landlord allowing the tenant exclusive possession and use of the property for a stated amount of time and under stated terms.

**Lease Purchase:** A legal agreement between a property owner and a tenant assigning a portion of each rent payment to be applied toward a down payment on the home.

**Legal Description:** The legal, written description of a property, spelling out pertinent information including but not limited to address, subdivision name, block, parcel, lot size, etc. The legal description is tied directly to mortgages, liens, deeds and other legal documentation regarding the property.

**Lien:** A legal, monetary claim filed against a property that must be satisfied before the property can be sold to a new owner and properly recorded in their name.

**Listing Agent:** The real estate agent who represents the seller of a property.

**Listing Broker:** The real estate broker representing the seller and holding the listing agreement on the property.



**Listing Agreement or Listing Contract:** An agreement signed by both property owner and real estate agent or broker giving the broker rights to market the property, seek buyers and represent the owner's interests.

**Listing Appointment:** The date and time set for the seller to meet with the listing agent or broker and formalize a listing agreement for the property.

**List Date:** The date a listing agreement or listing contract goes into effect.

**Listing Exclusion:** A clause in a listing agreement that formally excludes something or someone from the terms of the listing agreement.

**List or Listing Price:** The proposed initial marketing price of a property, as agreed to by the seller and listing agent or broker.

**Loan Commitment:** Another term for the commitment letter provided by the lender for the purpose of showing their intent to extend a mortgage to the borrower under specified terms.

**Lockbox:** An tool used by real estate professionals to allow authorized, secure entry into their listed properties for the purpose of showing, or other real estate related activities, as agreed by the seller.

## M

**Managing Broker:** The real estate professional tasked to manage the day-to-day operations of a real estate sales office. Managing brokers are licensed by the state where they practice real estate and are the broker of record for their office.

**Market Value:** The value of a property based on what the market is willing to pay for it at a certain point in time.

**Marketing Period:** The period of time a property is marketed per a listing or relocation sale agreement. Sometimes called a "listing period."

**Mechanic's Lien:** The financial claim made in an effort to force payment for repairs or other work on a property, including the cost of materials and labor. Mechanic's Liens are often filed by contractors, builders and building supply companies if they are not paid according to their agreed upon terms.

**Mold or Molds:** The common term for fungi on the interior or exterior surfaces of a home or structure. Mold inspections are commonly sought by buyers as a contingency of sale and sellers who know that their home has or has had mold growth must properly disclose this fact to potential buyers.



**Mortgage Preapproval or Preapproval:** An initial lender notification that they are working with an applicant to determine if they can offer them a mortgage. Preapprovals are often contingent on many factors and should not be confused with formal loan commitment. (See also: [Loan Commitment](#).)

**Multiple Listing Service (MLS):** The common database used by real estate professionals to access current listed and pending homes, as well as historical data for sold, expired and off-market properties. Some MLS information is now available for public use at [www.mls.com](http://www.mls.com).

**Multiple Offers:** The term for receiving more than one offer on a property and negotiating these offers at the same time.

## N

**National Association of REALTORS® (NAR):** A nationally known association of real estate professionals.

**Net Listing:** A type of listing in which the seller sets a net price they will receive upon the sale of their property and authorizes the real estate agent or brokerage to keep the difference between that figure and the actual sales price. Net listings are illegal in many states across the U.S.

**Net Sales Price:** The gross sales price received for the sale of a property, minus the amount of any concessions to the buyer.

**Non-Recurring Closing Costs:** Closings costs incurred as part of a home purchase that need only be paid one time. Common examples of non-recurring closings costs include: title insurance, appraisal fees and transfer taxes, where applicable.

## O

**Offer:** In real estate, offer is the term used for a buyer's extension of a promise to purchase some type of real estate to the property owner or owners. To be valid, an offer should always be in writing, with all terms clearly specified. An offer does not become a purchase contract until it has been accepted and signed by both buyer and seller.

**Off Market:** A term to describe the removal of a property from the active real estate marketplace. When a property is taken "off-market", it can be removed either permanently or temporarily for reasons such as family illness, travel, repairs or other issues.

**Office Tour:** A term used when agents and brokers of a particular office or group of offices tour new listings at a specific time and date, for the purposes of previewing the listings for their current or future clients. (See also: [Broker's Tour](#), [Caravan](#).)



**Open House:** A term used for an advertised time and date when the public is invited to tour a listing and speak with the listing agent.

**Open Listing:** A type of listing agreement that allows owners the right to list their property and work with other brokers, even while actively listed for sale with the first brokerage.

**Option:** The term used for the right to lease or purchase property within a specified time frame. While there is no requirement to exercise the option, the seller is obligated to oblige, should the prospective buying or leasing party decide to do so, in accordance with the terms laid out in the option.

**Owner Financing:** Financing provided by the property owner, instead of a traditional bank or mortgage company. Owner finance agreements should include specific points, such as the amount of interest, time frame of the loan, etc.

## **P**

**Paid Outside of Closing (POC):** A term or abbreviation used on the closing statement to denote expenses in a real estate purchase that were paid outside of the closing process. An example of a POC items might be an appraisal fee that the buyers pay directly to the lender during the loan application process. (*See also: [Closing Costs.](#)*)

**Parcel Identification Number or Parcel ID Number (PIN):** A number assigned by a local taxing authority as a numerical identification of a property.

**Payoff Letter:** The term used for the written document provided by a mortgage holder that specifies the exact amount of money needed to satisfy the seller's mortgage in full.

**Pending:** A term used for a real estate sales contract that has been accepted, but has not yet closed.

**Plat:** A drawn to scale map of a specific parcel of real estate, including the shape, size and other features of the property.

**Possession:** A term for when the buyer is allowed to become an occupant of the home before the real estate transaction has closed. Possession can be a risk for the seller and is seldom granted until the contract has closed and the seller has received payment in full for the property.

**Prepaid:** In a real estate transaction, specific costs that are paid before the closing are said to be "prepaid" and might include costs such as the homeowner's insurance premium or real estate taxes.

**Prequalification:** An lender's initial assessment of a prospective loan applicant's ability to obtain a mortgage, based solely on limited information, such as debt ratios, income and credit reports. While prequalification is a positive step, it should not be viewed as having the same worth as a formal loan approval letter showing actual approval, based on certain specifications.



**Preview Appointment:** A viewing of a home by a real estate professional unaccompanied by a prospective buyer.

**Pricing:** The process in which a prospective listing agent would tour a home as part of setting a price. During this tour, the agent will look at overall condition, features, amenities and other factors that will determine the best listed price for the property.

**Property Tax:** Taxation by the county in which the property is located.

**Purchase and Sale Agreement:** In a real estate transaction, the purchase and sale agreement outlines all terms, conditions and necessary information about the property being purchased and the terms of the agreement between the buyer and the seller.

## Q

**Quit Claim Deed:** A legal document in which one property owner formally releases their claims to the property, including all claims, interests or rights. A quit claim deed is common after a divorce.

**Quiet Title:** An action to quiet title is a legal proceeding to remove or quiet any challenge or ownership claims that have been filed.

## R

**Radon:** A natural gas that, when present in homes, can be harmful. Radon testing is often done during the inspection period by buyers.

**Real Estate:** The term used to describe land and anything permanently attached to it.

**Real Estate Agent:** A real estate professional supervised by a real estate broker. Agents can show, list and manage real estate, but their actions are under the authority of their broker.

**Real Estate Broker:** A real estate professional with the qualifications to oversee agents, as well as perform other duties related to real estate.

**Real Estate Commission:** The state agency that oversees the real estate professionals working in their state. This includes, educational requirements, licensing and disciplinary actions, among others.

**Real Estate Contract:** The term used to denote a binding agreement, including both offer and acceptance, between a property seller and a property buyer.

**Real Estate Settlement Procedures Act (RESPA):** A federal law enacted in 1974 to detail procedures for real estate closings.



**REALTOR®:** Sometimes written as Realtor or Realtor®, REALTOR® is the term used to describe a real estate broker or agent who is associated with the National Association of Realtors® through their local Board of Realtors®. The REALTOR® holds membership in their local Board of Realtors, as well as the state and national organization. By law, all REALTORS® must be either a licensed real estate agent or broker, but not all agents and brokers are REALTORS®, holding membership in the National Association of Realtors®.

**Recurring Closing Costs:** Closing costs, such as insurance premiums, that buyers will have to pay on a recurring schedule.

**Release Deed:** A document, usually recorded, showing that an owner has satisfied their debt obligations on a property.

**Relist:** A term used to denote a listed property that was previously listed with another brokerage.

**Rent With the Option to Buy:** A rental agreement that provides the renter with an option to purchase the home under certain terms.

**R & I:** An abbreviation for the estimated and actual costs of making repair and improvements.

**Rider:** An additional document added to a contract to change or add something to the agreement without changing or rewriting the entire document. (*See also: [Addendum.](#)*)

## S

**Sales Comparison Appraisal:** An appraisal method that uses real market data and comparable properties to assess the value of a property.

**Sale Price:** The actual price paid for a property.

**Seller or Owner:** The person or persons who legally own a property and hold authorization to sign a listing agreement, purchase contract or other documents relating to the ownership or sale of a property.

**Selling Agent (Seller's Agent):** The real estate agent representing the seller or sellers in a real estate transaction.

**Seller's Credits (on HUD-1):** Itemizations on the closing statement that are a credit to the seller, such as the purchase price. (*See also: [Closing Costs.](#)*)

**Seller's Debits: (on HUD-1):** Itemizations on the closing statement that are debited from the seller's final proceeds, such as the real estate sales commission, credits to the buyer and any taxes that are due on the property being sold. (*See also: [Closing Costs.](#)*)



**Seller financing, or Seller Take-Back:** the seller takes on the role of the lender. In lieu of cash, the seller extends enough credit to the buyer for the purchase price of the home, minus any down payment. The buyer and seller sign a promissory note (which contains the terms of the loan). They record a mortgage (or "deed of trust" in some states) with the local public records authority.

**Settlement:** The closing of the real estate transaction and the point in which the title of the property is transferred from the seller to the buyer, with all parties signing required documentation, such as the deed and settlement statement. (*See also:* [Closing.](#))

**Settlement Charges:** Fees and charges associated with a real estate transaction, including document preparation, taxes, title insurance fees, sales commission, etc. (*See also:* [Closing Costs.](#))

**Settlement Statement:** Sometimes casually referred to as the HUD or HUD statement, the settlement statement is an itemized account of all fees, monetary transfers and charges associated with all parties involved in a real estate transaction.

**Showing:** The viewing of the home or property by a prospective buyer or the previewing of the home or property by a buyer's agent.

**Sign Rider:** An addition to a standard real estate sign offering specific information pertinent to the property, including: new listing, price reduction, open house, pending status, etc.

**Special Assessment:** A levy or tax against real estate for the purpose of making improvements, such as funding for schools, sewer systems, etc.

**Special Stipulations:** A term used for specific instructions in a real estate contract that are unique to the parties of a certain transaction. Special stipulations are in addition to those noted in a standardized real estate form.

**Supra®:** The manufacturer's name for a commonly used brand of real estate lock box.

**Survey:** The measurements, including specific location, shape and other information for real estate properties as determined by a properly qualified, licensed surveyor.

**Sweat Equity:** The value of an owner's labor in improving their property.

## **T**

**Tax Deed:** A property deed used to convey title on properties that have been auctioned or sold to satisfy unpaid back taxes.

**Tax Lien:** A lien placed against property for unpaid real estate or income taxes.



**Temporarily Off Market (TOM):** A term or abbreviation used to describe the removal of a listed property from the market for a short time. This typically happens when the property owners experience an illness, must be away from the home, need to make repairs or have other reasons that would interfere with normal listing and marketing activities.

**Ten Thirty-One Exchange (1031 Exchange):** A term used to describe a type of real estate transaction that exchanges like properties for other like properties, allowing deferment of capital gains taxes by the Internal Revenue Service (IRS) - in accordance with IRS Code, Section 1031.

**Time is of the Essence:** Terminology used in real estate contracts to ensure that all parties understand the importance of punctual performance during the transaction process.

**Time Limit on Offer:** The amount of time specified during an initial purchase offer or ensuing counter to the purchase offer during which the other party must respond with an acceptance, rejection or a counter offer. In most cases, allowing the specified time limit to expire nullifies the offer and releases both parties from any contractual obligations.

**Title:** A term referring to legal ownership of a property. Evidence of legal title to a piece of real estate is often proven with a deed or other documentation that has been properly recorded by the county recorder or land records official.

**Title Company:** A company that specializes in reviewing property titles for defects and issuing title insurance policies to protect against potential title issues, such as outstanding liens and ownership claims.

**Title insurance:** An insurance policy on the title of a property that protects the new property owner from damage should any clouds or liens on the property title be discovered after the purchase transaction has completed. Issuance of this insurance requires a thorough title search before it can be issued. (*See also: [Title Search](#).*)

**Title Report:** The written report documenting the real estate title search on a piece of real estate. This report or analysis includes the property legal description, names of all owners or titleholders and how title is held, and encumbrances on the property and information about the tax rate and any real estate taxes that are due. The title report can be prepared by attorneys, abstract or title companies or an escrow company.

**Title Search:** An in-depth review completed by a title company's representative to ensure that a real estate title is accurate and clear of any claims or liens that could prevent or delay it from being legally transferred to the new buyer. (*See also: [Title Insurance](#).*)

**Transaction:** A term used to describe the real estate process, typically from the receipt of an offer through a successful closing.



**Transaction Broker:** A real estate professional who is not an agent for either the seller or the buyer, but instead works to facilitate and coordinate the sale by assisting with paperwork, scheduling and other arrangements needed to transfer ownership of a property from seller to buyer.

**Transaction Fee:** A fixed fee charged to the seller of a property, in addition to the amount of the negotiated sales commission.

**Transaction Management Fee (TMF):** A fee to the seller payable to the listing brokerage as part of a listing agreement.

**Transfer Tax:** A tax for the transfer of real estate, collected when a property sale closes.

**Truth in Lending Act:** A federal law requiring that lenders make written disclosure of all terms and charges to borrowers at the time of their initial mortgage loan application and again upon the closing of their mortgage loan. This disclosure must specify the annual percentage rate (APR) of the loan, as well as other information about the loan.

## U

**Under Contract:** A term to describe a property with a binding real estate contract between a buyer and a seller.

**Underwriters:** Highly trained mortgage finance specialists who examine the details of each prospective mortgage for accuracy and then make the decision on whether the loan receives final approval, a conditional approval or a denial.

**Underwriting:** The process in which all details of the prospective mortgage are examined to determine credit worthiness of the loan applicant and whether a final approval will be issued or the loan will be rejected, instead.

## V

**VA:** A term commonly used in referring to the United States Department of Veterans Affairs.

**VA Loan:** A common term used to describe a mortgage available to military personnel through the United States Department of Veterans Affairs.

**Vacate Date:** The term that describes the date when a seller or transferee vacates property and ownership is assumed by a third-party company through a buyout.

**Virtual Tour:** A video presentation of a property that can be viewed by prospective buyers around the world.



## W

**Walk-Through:** A term referring to the buyer's final tour of the property they are planning to purchase before the closing of escrow takes place. This is done to assure the buyers that all terms and conditions of the contract were honored and that the property is still in satisfactory condition.

**Warranty:** A binding assurance or promise that statements made regarding a real estate are truthful.

**Warranty Deed:** A type of real estate deed that warrants the grantor has a clear title to the property and promises that he has the legal right to convey the real estate to the buyer.

**Work Sheet or Transaction Sheet:** A real estate company's form or record of all information relating to a particular real estate transaction.

**Wrap-Around Mortgage:** A type of mortgage for a new buyer that includes or wraps around a seller's current first mortgage payment along with an additional amount that will go to the seller as proceeds.

## Z

**Zero Lot Lines:** A term referring to the positioning of buildings directly on or very near to a property's boundary lines. Zero lot lines are often used when adjacent buildings share a common wall or have only minimal space between them.

**Zoning:** Requirements for the way in which real estate can be used. Zoning is usually done on a local level by a zoning board or commission.