



Real Estate Terms

A CHEAT SHEET FOR HOMEBUYERS

As you search for your home, you're likely to come across a lot of real estate lingo throughout the buying process. Understanding these terms can help make your journey to homeownership as smooth as possible. Below is a useful real estate glossary:

APPRAISAL

An estimate of what your home is worth. An appraisal is ordered by the bank when obtaining financing and is performed by a licensed appraiser who must follow a number of established guidelines.

AS-IS

When a home is listed for sale "as is," it means the property is being offered in its existing condition and the seller does not intend to make any repairs or improvements.

CLOSING COSTS

Expenses and fees paid at the closing of a real estate transaction.

CMA

A Comparative Market Analysis (CMA) is a pricing tool prepared by your broker that evaluates a home's current value based on recent comps.

COMPS

Comparables or "comps" are properties with characteristics similar to a subject property to help determine that property's value. Comps allow an agent to better determine a fair price for a home their client is looking to buy.

CONTINGENCY

Conditions written into the contract that must be satisfied before closing occurs. Conditions typically include things like a home inspection, mortgage financing or the appraisal.

EARNEST MONEY

A deposit made to a seller when going under contract to show the buyer's good faith in purchasing a home. Earnest money is typically held jointly by the seller and buyer in a trust or non-interest-bearing escrow account.

FIXED RATE VS. ADJUSTABLE RATE MORTGAGE

Two types of mortgages available to homebuyers. A Fixed-Rate Mortgage has the same interest rate throughout the term of the loan, while with an Adjustable Rate Mortgage or ARM, the interest rate periodically adjusts based on an index.

POCKET LISTING

Also known as an exempt listing, a pocket listing is a property that has a signed listing agreement but is not yet listed on the Multiple Listing Service or MLS.

PRE-APPROVAL

An evaluation of a potential borrower by a lender that determines the maximum amount the lender is willing to extend based on the borrower's credit and other financials.

TITLE INSURANCE

An insurance policy that protects the buyer or lender from financial loss against defects or problems in a title property.

