

A Real Estate Glossary

AGENT - Short for real estate agent. A person licensed by the State to sell real estate. Also see listing agent, and selling agent.

APPRAISAL - An estimate of the value of real estate provided by a State-licensed expert, the appraiser.

APPRECIATION - The increase in value as a result of market forces.

ASBESTOS - A mineral fiber that is a health hazard, used in heating system insulation, flooring, and exterior shingles of some older homes.

ASSESSMENT - Also tax assessment or assessed value. The value assigned to real estate by the local government tax assessor and used in determining the amount of real estate taxes to be paid, **nothing more**.

BROKER - Short for real estate broker. A person licensed by the State to direct and be responsible for a real estate firm. A broker engaged in this activity is called a principal broker. Someone with a broker's license who is actively engaged in selling real estate is customarily called an associate broker. The term broker is also commonly used to refer to a firm.

BUYER-BROKER - Almost all local transactions are now handled by buyer-brokers, who represent the buyer's interests in a real estate transaction. It had been customary for all agents to represent the seller.

BUYERS' MARKET - A situation in the market, caused by an excess supply of homes relative to the demand, giving individual buyers somewhat more negotiating power than is customary.

CLOSING - Also called settlement or close of escrow. The time at which the buyer pays, and the seller executes (i.e. signs) the deed.

CLOSING AGENT - Also called settlement agent or escrow agent. Someone hired to conduct the closing procedure.

COMMISSION - Money paid to a real estate broker for services rendered. Customarily a percentage of the sale price, set by agreement between the broker and the seller.

COMPARABLE - A property that has already been sold (chosen for its similarity to a property being sold) used in estimating the market value of the property being sold. See appraisal.

CONDOMINIUM - Also called condo. A form of real estate ownership that conveys an exclusive right to use a living space plus other rights shared jointly with condominium co-owners, to use common facilities on a non-exclusive basis. Individual ownership of land is generally not a feature of condominium ownership. Although the term condo usually brings visions of apartments, the strict definition refers to a form of ownership without regard to architecture or land. For example, there is no reason whatsoever that a detached home could not be part of a condominium association, although this is uncommon.

CONFORMING LOAN - A mortgage loan approved under conventional loan guidelines for less than a specified amount. (Also see jumbo loan.)

CONTINGENT - A term used in real estate to denote that an offer to buy, or a contract depends on a future condition or event such as the eventual sale of the buyer's present home.

CONTRACT - Also agreement of sale. An agreement, which should be written, between buyer and seller to transfer certain real estate for a stated sum of money at a given time.

CONVENTIONAL LOAN - Not an FHA loan or a VA loan.

CONVEY - To transfer ownership.

DATABASE - A collection of related information. For example, the MLS database stores information on homes for sale, homes sold, et cetera, which is accessible to real estate agents.

DEED - A document that is used to transfer ownership of real estate.

DEED OF TRUST - A form of mortgage customarily used in Virginia.

EARNEST MONEY - A portion of the purchase price deposited by the buyer with a contract. It is intended to show "good faith" or sincerity and is usually held by the broker or the closing agent in a special escrow account. A buyer who defaults might forfeit this sum.

ENCROACHMENT - This occurs when an improvement, (such as a fence, pavement, or outbuilding) on one property, extends beyond the boundary line onto an adjacent property.

EQUITY - The amount by which the value of a home exceeds its loans.

ESCROW ACCOUNT - A special and separate account, used by real estate brokers, and closing agents, to hold funds for disbursement upon closing. Escrow account procedures and disbursements must conform to pertinent State laws.

FEE SIMPLE - A form of real estate ownership that includes land.

FHA - The Federal Housing Authority, which facilitates mortgage loans.

FRT PLYWOOD - Fire Retardant Treated Plywood used in the roof construction of some townhomes and condominiums. Over time it can become structurally unsound and roof replacement is then required.

HUD-1 FORM - A form sometimes used to account for the financial details of the transaction.

JUMBO LOAN - A mortgage loan approved under conventional loan guidelines for an amount greater than the limit for a conforming loan. (Also see conforming loan.)

LEAD - A metallic element that is a potential health hazard. In the past it has been used in some paints, to fabricate water supply pipes, and as an ingredient in solder used to join copper water supply pipes. A strict Federal Law treats disclosure for homes built before 1978.

LIEN - A claim of a third party, usually for a certain amount of money, attached to a property by recording of the lien in government records.

LISTING - v. The act of putting a property on the market. n. An MLS printout giving information on a property which is on the market.

LISTING AGENT - The real estate agent hired to be directly responsible for the marketing and successful sale of a home.

LOCKBOX - Also called keysafe. A strong and secure metal box outside of a home, frequently attached to the doorknob, which contains keys to the home. It is accessible by real estate agents. It facilitates home sales by making the home readily accessible to be shown to prospective buyers.

MARKET VALUE - Sometimes called fair market value. The price agreed between ready, willing, and able buyers and sellers providing neither was under undue pressure to act. In most cases, market value and contract price are identical.

MIP - Monthly insurance premium. An extra sum, collected monthly along with the mortgage payment, associated with FHA loans. The intent is to insure the lender against financial loss from such loans which represent extra risk because of the relatively low down-payment.

MLS - The Multiple Listing Service is an arrangement by which brokers (and associated agents) agree to sell homes being marketed by each other (sometimes called listings) and to share the resulting commissions. The MLS database is a major factor in the local real estate market, facilitating information exchange and thereby the sale or purchase of real estate.

MORTGAGE - As commonly used, a real estate loan or document defining such. More correctly, a right or claim on property, given by a borrower to a lender.

PMI - Private mortgage insurance is collected monthly along with the mortgage payment, and is often associated with conventional loans for greater than 80% of a property's value. The intent is to insure the lender against financial loss from such loans which represent extra risk.

POINTS - Also called discount points. Money charged by a mortgage lender at the beginning of the loan. One point is equal to 1% of the loan amount.

RADON - A colorless, odorless, naturally occurring gas which is a potential health hazard. It can seep out of the ground and accumulate in homes.

REALTOR - A licensed real estate agent who is a member of the National Association of Realtors, which publishes a Code of Ethics to which members agree to adhere.

SELLERS' MARKET - A situation in the market, caused by an excess demand for homes relative to the supply, giving individual sellers somewhat more negotiating power than is customary.

SELLING AGENT - The agent who brings the buyer, shows the home to the buyer, and helps the buyer prepare and negotiate the offer. This could be the same person as the listing agent but is usually another agent.

SETTLEMENT - See "closing" above.

STATISTICAL SIGNIFICANCE - A mathematical concept, too infrequently applied to real estate, which holds that for a conclusion to be meaningful, it must be based on a sufficient number of observations or data points. For a more complete treatment of the subject click [here](#).

SUBDIVISION - Also called a development, land development, or (condominium) complex. A parcel of land with more than one property.

TITLE SEARCH - A painstaking research of government land ownership records, conducted to ensure that a seller has an unencumbered right (e.g. true ownership and no liens) to convey the property.

UFFI - Urea-formaldehyde-foam-insulation. A potential health hazard resulting from vapors that might be released into the home.

VA - The Veterans Administration, a government agency that facilitates mortgage loans.

*This series is excerpted from David Rathgeber's **SELLING YOUR HOME in the Washington, DC Metropolitan Area** Copyright © David Rathgeber. All rights reserved.*

*Read David's **SELLING YOUR HOME ...** book, free online at www.DrRealEstate.net - (no registration required)*