

# Residential Real Estate Glossary

## *Common Terms and Definitions*

### A

**Appraisal** – A professional estimate of a property's market value, usually required by a lender before approving a mortgage.

**Amortization** – The gradual repayment of a mortgage loan through scheduled installments of principal and interest.

**Adjustable-Rate Mortgage (ARM)** – A mortgage with an interest rate that can change periodically, usually tied to a financial index.

### B

**Broker** – A licensed professional who arranges real estate transactions and supervises agents.

**Buyer's Agent** – A real estate professional representing the buyer's interests in a transaction.

**Bridge Loan** – A short-term loan used until permanent financing is secured or an existing property is sold.

### C

**Closing Costs** – Fees and expenses paid at the end of a real estate transaction (title insurance, lender fees, escrow fees, etc.).

**Comparative Market Analysis (CMA)** – A report estimating a property's value based on similar recently sold homes in the area.

**Contingency** – A contract condition that must be met for a sale to proceed (e.g., financing, appraisal, inspection).

### D

**Deed** – The legal document that transfers property ownership from seller to buyer.

**Down Payment** – The initial upfront portion of the purchase price paid by the buyer, typically expressed as a percentage.

**Dual Agency** – When one agent represents both the buyer and seller in the same transaction (not legal in all states).

### E

**Earnest Money** – A deposit made by a buyer to show serious intent to purchase a property.

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

**Escrow** – A neutral third party that holds funds and documents until all conditions of a sale are met.

## F

**Fixed-Rate Mortgage** – A mortgage with a set interest rate that doesn't change over the life of the loan.

**Foreclosure** – The legal process by which a lender takes possession of a property due to missed mortgage payments.

## H

**Home Inspection** – An evaluation of a property's condition by a professional inspector before closing.

**HOA (Homeowners Association)** – An organization that manages and enforces rules for a community, often with monthly or annual dues.

**HUD-1 Statement** – A standardized form that lists all settlement charges at closing (replaced in many cases by the Closing Disclosure).

## L

**Listing Agreement** – A contract between a property owner and a real estate broker authorizing the broker to find a buyer.

**Loan-to-Value Ratio (LTV)** – The percentage of a property's value that is financed with a mortgage.

## M

**MLS (Multiple Listing Service)** – A database used by real estate professionals to share and find property listings.

**Mortgage Insurance (PMI)** – Insurance required by lenders when the buyer's down payment is less than 20%, protecting the lender against default.

## O

**Offer** – A buyer's proposal to purchase a property under stated terms and conditions.

**Owner's Title Insurance** – Protects the buyer against future claims or disputes over property ownership.

## P

**Pre-Approval** – A lender's confirmation of how much a buyer can borrow, based on verified income and credit history.

**Property Taxes** – Local government taxes based on the assessed value of real estate.

**Principal** – The original loan amount or the balance remaining on a mortgage, excluding interest.

## R

**Real Estate Agent** – A licensed professional who assists buyers and sellers in real estate transactions under the supervision of a broker.

**Refinancing** – Replacing an existing mortgage with a new one, often to secure better terms or lower payments.

## **T**

**Title** – Legal ownership of a property, confirmed by public records.

**Title Insurance** – Protects buyers and lenders against losses from disputes over property ownership.

## **Z**

**Zoning** – Local government regulations determining how land can be used (residential, commercial, agricultural, etc.).