

Glossary of Real Estate Terms

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Buying or selling a home can be confusing enough without trying to understand all the real estate jargon. We are here to help! Below, we have listed frequently used terms to assist you in becoming better prepared, more confident and less stressed when making your real estate decisions.



Abandonment: Voluntary surrender of ownership by failing to use a property over time.

Accredited Buyer Representative (ABR): Title given by The Real Estate Buyer's Agent Council that indicates a real estate agent who specializes in representing buyers in a real estate transaction.

Acceleration Clause: Clause in a mortgage contract that requires the borrower to repay all or part of a loan if certain requirements are not met.

Adjustable Rate Mortgage: Type of loan where the interest rate changes at set intervals over the life of the mortgage.

Affidavit Of Title: Designed to protect the buyer, a document provided by the seller stating the status of any legal issues, including proof of ownership.

Appraisal: Written evaluation of a property's value based on sales of similar properties and used by banks to determine lending limit.

Bankruptcy: Filing distinction where individual can restructure or relieve debt.

Break Even Ratio (BER): Analysis method used by lenders that divides operating expenses by operating income for investment properties.

Blanket Mortgage (Trust Deed): Single mortgage that covers more than one piece of real estate.

Broker: Agent licensed by the state to operate in the business of real estate to bring buyers and sellers together.

Certificate of Title: Statement confirming who has rights and responsibilities of a property's ownership.

Closing Costs: Expenses incurred in the purchase and sale of a property that are paid at settlement or closing, in addition to a property's price. Examples include attorney fees, appraisal fees, recording fees, title insurance and taxes.

Comparative Market Analysis (CMA): Evaluation to establish market value by examining recently sold properties in the same area.

Commission: Payment paid to agent or broker by a seller upon completion of sale and is usually a percentage of total purchase price.

Condemnation: Seizure of private property, with compensation, by a government entity to be used for public use.

Conventional Mortgage: Type of loan subject to conditions created by lending institutions and not insured by any government program.

Default: Failure to make mortgage payment within a specified time period (usually 30 days).

Equity: Owner's financial interest in a property determined by the difference between its value and amount of outstanding mortgage.

Escrow: Condition where a neutral third party holds money, documents and legal rights until deal is officially settled.

Estate Sale: Sale that occurs when owner or family member must liquidate all aspects of a property.

Foreclosure: Result of not making principle payments on a home mortgage. This allows the lender to seize the property, evict the homeowner and sell the home, as stipulated in the mortgage contract.

Fixed Rate Loan: Type of loan where the interest rate does not change during entire term of the loan.

Intestate: Condition that happens when someone dies without a valid will.

Negative Amortization: Occurs when borrower makes a payment less than the full amount of the interest charge, resulting in the remainder added to the mortgage's principal.

Real Estate Investor: Person who evaluates the real estate market and buys, sells, owns, manages or rents properties to build long-term wealth.

Realtor: Real estate agent who is a member of the National Association of Realtors.

Wrap-Around Mortgage: Second, subordinate loan that includes or exceeds the full amount of the first mortgage.