

VOCAB TO KNOW

- **Acceptance** — Seller's written approval of a buyer's offer.
- **Active** — The property is actively for sale and on the market. The seller may have received offers but have not accepted any yet.
- **Adjustable-Rate Mortgage (ARM)** — After an initial fixed rate period, ARM loans can adjust based on the interest rate index. These loans are less predictable than traditional fixed-rate mortgages, but they can yield lower interest rates during specific time frames.
- **Appraisal** — Written estimate of a property's current value. During the home sale, the mortgage lender sends an appraiser to the property to get a professional opinion of the property's value.
- **Appreciation** — When a property's value increases due to market conditions & other causes. Opposite of depreciation.
- **As-Is** — A property marked "as-is" often indicates that a seller is unwilling to perform most repairs.
- **Back on Market** — A property that was under contract with another buyer and their contract fell through, so it is Active again.
- **Backup Offer** — If a buyer is interested in purchasing a property already under contract with someone else, a buyer can submit a backup offer in case the first transaction falls apart. A backup offer also needs to be negotiated with earnest money submitted, to ensure it is the next offer in line. Legally, there can only be a single backup offer.
- **Closing Costs** — When buying house, these are the associated fees charged by lender, the title company, attorneys, insurance companies, taxing authorities, homeowners associations, real estate agents, and/or various third parties.
- **Closing Statement** — Final statement of costs incurred to close on a loan or purchase a property.
- **Commission** — Percent of sale that is paid to the real estate professional helping the buyer or seller through the entire process.
- **Commitment Letter** — A loan commitment, or a formal offer by a lender with specific terms lending money to a home buyer.
- **Comparative Market Analysis (CMA)** — Through evaluating similar properties that have sold recently, real agents can estimate the value of a specific property.
- **Contingent** — Status with accepted offer on house, but relies on meeting specific criteria like passing a home inspection or appraisal.
- **Conventional Mortgage** — Mortgage loan not insured by the government or guaranteed by the Veterans' Administration. Conventional mortgages are subject to the conditions established by the lending institution and State statutes.
- **Counter-Offer** — A return offer given by the seller in response to an original offer made by the buyer. A buyer can choose to accept, reject, or counter, then the seller has the same options.
- **Due diligence** — A due diligence period is a time frame provided to a buyer to fully examine a property, this length is typically documented in the purchase agreement.
- **Earnest Money** — Deposit made by potential home buyer to show that they are serious about buying. Funds put down once a seller accepts the buyer's offer. Also known as an Earnest Money Deposit (EMD).

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- **Equity** — The investment a homeowner has in their home. This can be calculated by taking the market value of a home and subtracting any mortgages or liens against the property.
- **Escrow** — This is a legal arrangement where a third party temporarily holds money or property until the fulfillment of a purchase agreement.
- **Fixed Mortgage** — With fixed mortgage rates, the interest stays the same for the duration of the loan.
- **Inspection contingency** — Also called a "due diligence contingency" that is sometimes offered in a purchase agreement which grants buyers a set amount of time during escrow to perform any inspections.
- **Interest Rate** — Percent of amount borrowed from funds paid to a lender in exchange for a loan.
- **Listing** — The word "listing" is typically used to refer to the for-sale home itself, although technically means the agreement between the broker and the owner of the home to market and sell the property.
- **MLS or Multiple Listing Service** — MLS is a database that has all available properties for sale in a region.
- **Pending** — The property owner has accepted an offer and is under contract with a buyer. Their agreement may be contingent upon a variety of contingencies: inspections, appraisals, financing, and more. The home is not sold just yet.
- **Pre-Approval** — Evaluation by mortgage lender that determines if a potential buyer qualifies for a loan, and if so, what the maximum amount the lender is willing to lend.
- **Pre-Approval Letter** — Letter from mortgage lender saying a buyer qualifies for a mortgage of a specific amount.
- **Pre-Qualification** — This refers to an estimate for credit given by a lender for information provided by a borrower.
- **Principal** — The principal balance of the mortgage is the amount of money owed to the lender, not including interest.
- **Purchase Agreement / Sales Contract** — A contract signed by the buyer and seller stating the terms and conditions under which a property will be sold.
- **Purchase Offer** — Detailed written document that makes an offer to purchase a property. This can be amended through the negotiation process. When signed by all parties involved in the sale, the purchase offer becomes the legally binding sales agreement.
- **Seller Disclosure** — A seller's disclosure is where a seller discloses information about the property, or which could affect the buyer's decision to purchase the property.
- **Title Company** — Companies that ensure that a title to a property is legitimate and provides insurance.
- **Title Insurance** — A policy that guarantees the accuracy of the title search and protects the lender and homeowners against legal problems with the title.
- **Withdrawn** — The listing was withdrawn from the market. This could be for various reasons: The owners may have decided they no longer want to sell, or maybe they did not like the offers they received, or they may want to do additional work on the home and list again. If you love the listing, you can still reach out and make an offer.