

REAL ESTATE TERMS

Addendum: An addition to a document

Adjustable Rate Mortgage (ARM): A type of mortgage loan that has an interest rate that adjusts over time based on the market. ARMs typically start with lower interest rates than fixed-rate mortgages.

Agent: The licensed real estate salesperson or broker who represents buyers or sellers

Appraisal: A document of opinion of property value at a specific point in time

Back-Up Offer: Written offer with a contingency making it subject to the release of a prior contract

Buyer: The purchaser of a property

Buyer's Market: An economic situation in which the number of properties on the market are plentiful, which keeps prices down. Supply is greater than demand

Closing: The end of a transaction process where the deed is delivered, documents are signed, and funds are disposed

Commission: The compensation paid to the listing brokerage by the seller for selling the property. A buyer agency agreement may require the buyer to pay a commission to their agent

Comparative Market Analysis (CMA): A tool used by brokers and salespeople to assist consumers in determining a property's asking price

Contingency: A clause in a contract specifying that certain actions or requirements must be met before the contract is binding

Dual Agent: A state-licensed individual who represents the seller and the buyer in a single transaction

Escalation Clause: A clause in a real estate contract that allows for an increase in the offer price based on certain conditions

Fixed-Rate Mortgage: A type of mortgage loan that charges a set rate of interest for the entire term of the loan

Net Sales Price: The amount of money a seller will have after all fees are paid

Offer to Purchase: When a buyer proposes certain terms and presents these terms to the seller

Purchase and Sale Agreement (P&S): A legal document prepared and agreed to, by attorneys, representing both the buyer and seller in the home purchase transaction.

Pending: A real estate contract that has been accepted on a property but the transaction has not closed

REALTOR: A registered trademark of the National Association of Realtors that can only be used by its members

Seller's Market: An economic situation in which there are fewer properties on the market and prices tend to increase. Demand is greater than supply

Stigmatized Property: A property that has been psychologically impacted by events such as a murder, suicide, alleged hauntings, or notorious previous owner