

The ABCs of Real Estate

- A** | **Appraisal:** An estimation of a home's market value by a licensed appraiser based on comparable recent sales of nearby homes.
- B** | **Backup offer:** An offer on a home under contract that becomes active if the primary contract falls through.
- C** | **Contingent offer:** An offer that is accepted by the seller, but certain conditions must be met before the sale is final.
- D** | **Down payment:** The percentage of the home purchased price (usually between 5% and 20%) paid upfront in cash.
- E** | **Escrow:** A neutral third party that holds funds from the buyer and distributes them when all conditions have been met.
- F** | **Federal Housing Administration (FHA):** The government agency that insures loans designed for low- to moderate-income borrowers.
- G** | **Good Faith Estimate (GFE):** A form used by lenders to give to borrowers with an estimate of fees due at closing. This form was replaced by the Loan Estimate in 2015.
- H** | **Homeowners Association:** A management organization within a community, subdivision or neighborhood that creates and enforces rules for properties within its jurisdiction.
- I** | **Inspection:** An examination of a property and its systems performed by a qualified professional, usually before the sale of a home.
- J** | **Jumbo mortgage:** A mortgage that exceeds the conforming-loan limit, commonly used for luxury home purchases.
- K** | **Key rate:** An interest rate set by the federal government that determines the cost to borrow money—in this case, a mortgage to buy a new home.

L | **Loan-to-value (LTV):** The risk assessment ratio used by lenders. To calculate the LTV, divide the mortgage by the appraised value.

M | **Multiple Listing Service (MLS):** A database for real estate agents to list and market for-sale homes.

N | **Net proceed:** The amount received by the seller at closing after all other costs have been deducted.

O | **Open house:** An event hosted by a listing agent to showcase a home to potential buyers.

P | **Pre-approval letter:** A letter indicating that a lender is willing to loan a specific amount of money for a home purchase; pre-approval does not guarantee a loan.

Q | **Quitclaim deed:** A deed that transfers property rights without any validation of ownership; typically used between spouses and family members.

R | **Real estate owned (REO) property:** A repossessed property owned by a lender after an unsuccessful sale at auction.

S | **Seller disclosure:** A document completed by the seller disclosing the property's history and defects.

T | **Title:** The right to ownership of real property recognized and protected by the law.

U | **Under contract:** A buyer has submitted an offer and the seller has accepted, but the closing is not final.

V | **VA loan:** A mortgage loan for veterans and their spouses, made by private lenders and guaranteed by the U. S. Government.

W | **Walkthrough:** The final inspection conducted before a home sale is final.

X | **X marks the spot:** Where you sign for your dream home!

Y | **Yield-spread premium (YSP):** The amount a lender pays a mortgage officer for selling a loan with a higher interest rate than the par rate.

Z | **Zero lot lines:** A residence build very close to—or directly on—the property line.



- Lara Anderson, Broker, Lic# 01901537
- 949.677.4099
- LA@AndersonSeaside.com