

Real Estate Terms Cheat Sheet

General Real Estate Terms

Appraisal: An unbiased estimate of a property's fair market value, often required by lenders.

Closing: The final step in a real estate transaction where ownership is transferred.

Escrow: A neutral third party holds funds or documents until contractual obligations are met.

Title: Legal ownership of a property. A 'clear title' means no liens or legal questions.

Deed: The legal document that transfers ownership of property.

MLS (Multiple Listing Service): A database agents use to list and find real estate for sale.

Zoning: Laws that govern how property can be used (residential, commercial, etc.).

Buyer-Specific Terms

Pre-Approval: A lender's conditional commitment on how much you can borrow.

Down Payment: The upfront cash you pay when purchasing a property, usually a percentage of the price.

Earnest Money: A deposit showing the buyer's serious intent to buy; applied to closing costs.

Home Inspection: An evaluation of the home's condition, often a contingency in offers.

Contingency: Conditions that must be met for the deal to go through (e.g., financing, inspection).

Seller-Specific Terms

Listing Agreement: A contract between a seller and a real estate agent to sell the property.

Comps (Comparables): Recently sold properties similar to yours, used to price the home.

Curb Appeal: The attractiveness of a property's exterior from the street.

Seller Concessions: Costs the seller agrees to pay to help close the deal (e.g., closing costs).

Net Proceeds: What the seller makes from the sale after mortgage payoff, commissions, and fees.

Investor-Specific Terms

Cap Rate (Capitalization Rate): A metric to evaluate rental property ROI; calculated as $\text{NOI} \div \text{Property Price}$.

NOI (Net Operating Income): Income from a property minus operating expenses (excluding mortgage).

Cash Flow: The money left over each month after collecting rent and paying expenses.

ARV (After Repair Value): The estimated value of a property after renovations or improvements.

1031 Exchange: A tax-deferral strategy where you reinvest proceeds from a property sale into another similar property.

BRRRR Method: Buy, Rehab, Rent, Refinance, Repeat—a common strategy for scaling portfolios.

Hard Money Loan: Short-term, high-interest financing based on the property's value, not the borrower's credit.

Financing & Mortgage Terms

Loan-to-Value Ratio (LTV): The loan amount divided by the appraised value of the home.

PMI (Private Mortgage Insurance): Insurance required if your down payment is less than 20%.

Amortization: The schedule of loan payments including principal and interest over time.

Fixed-Rate Mortgage: A loan with the same interest rate and payments for the entire term.

Adjustable-Rate Mortgage (ARM): A loan with an interest rate that may change after a set period.

