Glossary of Terms

1031 exchange or Starker exchange: The delayed exchange of properties that qualifies for tax purposes as a tax-deferred exchange.

1099: The statement of income reported to the IRS for an independent contractor.

24-hour notice: Allowed by law, tenants must be informed of showing 24 hours before you arrive.

401(k)/403(b) loan: Some administrators of 401(k)/403(b) plans allow for loans against the monies you have accumulated in these plans. Loans against 401K plans are an acceptable source of down payment for most types of loans.

A/I: A contract that is pending with attorney and inspection contingencies.

Abstract of Title: A condensed history of the record title to land consisting of a photocopy or a summary of the material portion of all recorded conveyances, liens, charges or liabilities which affect the land. An attorney can give an opinion of title based upon the attorney's review of the abstract. A title search is generally an abbreviated form of abstract upon which the issuance of title insurance is based.

Acceleration Clause: The clause in a note and mortgage which gives the lender the right to demand full payment upon the happening of a certain event, as for example, missed payments, failure to insure, failure to pay taxes or transfer of ownership without the lender's consent where such consent is required.

Accretion: The gradual addition to the shore or bank of a waterway.

Accompanied showings: Those showings where the listing agent must accompany an agent and his or her clients when viewing a listing.

Addendum: An addition to; a document.

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

Adjustment date: The date the interest rate changes on an adjustable-rate mortgage.

Ad valorem: The literal meaning is according to value. It is a method of taxing using the value of the thing taxed to determine the amount of the tax. Property taxes are ad valorem taxes.

Alternate Credit:Documentation such as paid utility or telephone bills, rent payments, car insurance payments or other regular scheduled payments. For persons without traditional credit, willingness and ability to pay can be demonstrated using obligations such as these.

Amended value: The actual sale price after the seller successfully markets and sells his or her home through the broker of his or her choice. The sale is turned over to a third-party relocation company for closing, and the guaranteed offer is amended or changed.

American Society of Home Inspectors (ASHI): A non-profit organization formed as a voluntary professional society. To qualify for membership, inspectors must pass a series of tests that measure their technical and professional knowledge. Before they can join they must also perform at least 250 paid professional inspections according to the ASHI standards of practice. They must undergo a one-year review and trial period, subscribe to the Society's Code of Ethics and meet a yearly quota of continuing education requirements.

Amortization: Amortization of a loan refers to the payment of the debt in installments of principal and interest. The loan payment consists of a portion which will be applied to pay the accruing interest on a loan, with the remainder being applied to the principal. Over time, the interest portion decreases as the loan balance decreases, and the amount applied to principal increases so that the loan is paid off (amortized) in the specified time.

Amortization schedule: A table which shows how much of each payment will be applied toward principal and how much toward interest over the life of the loan. It also shows the gradual decrease of the loan balance until it reaches zero.

Annual home insurance: The annual amount you expect to pay in home owners insurance. This amount is divided by 12 to determine the monthly home owners insurance included in PITI (see PITI).

Application: The form used to apply for a mortgage loan that includes information about the borrower's income, savings, assets, debts and more.

Application fees: Fees that mortgage companies charge buyers at the time of written application for a loan; for example, fees for running credit reports of borrowers, property appraisal fees, and lender-specific fees.

Appraised price (AP): The price the third-party relocation company offers (under most contracts) the seller for his or her property. Generally, the average of two or more independent appraisals.

Appraisal: A formal written analysis, estimating the current market value of a property, based on a range of factors including comparable sales of similar homes nearby. Also refers to the process by which this estimate is obtained.

Appraised value: The estimate of a property's value made by a qualified expert. Used by lenders to assure the value of the property is at least as much as the amount of the proposed loan.

Appraiser: An individual qualified by education, training, and experience to estimate the value of real property and personal property. Although some appraisers work directly for mortgage lenders, most are independent. The appraiser decides the market value of a home based on its condition and the selling prices of comparable homes recently sold in the area. His or her job is to compute a fair estimate of the market value to the property.

Appreciation: The increase in the value of a property due to changes in market conditions, inflation, or other causes.

"As-is": A contract or offer clause stating that the seller will not repair or correct any problems with the property. Also used in listings and marketing materials.

Assessed value: The value that a taxing authority places upon personal property for the purpose of taxation.

Assessment: The placing of a value on property for the purpose of taxation.

Assessor: A public official who establishes the value of a property for taxation purposes.

Asset: Items of value owned by an individual. Assets that can be quickly converted into cash are considered liquid assets. These include bank accounts, stocks, bonds, mutual funds, and so on. Other assets include real estate, personal property, and debts owed to an individual by others.

Assignment: When ownership of your mortgage is transferred from one company or individual to another, it is called an assignment.

Assumable mortgage: One in which the buyer agrees to fulfill the obligations of the existing loan agreement that the seller made with the lender. When assuming a mortgage, a buyer becomes personally liable for the payment of principal and interest. The original mortgagor should receive a written release from the liability when the buyer assumes the original mortgage.

Assumption: The term applied when a buyer assumes the seller's mortgage.

Back on market (BOM): When a property or listing is placed back on the market after being removed from the market recently.

Back-up agent: A licensed agent who works with clients when their agent is unavailable.

Back-up offer: When an offer is accepted contingent on the fall through or voiding of an accepted first offer on a property.

Balloon payment: The final lump sum payment that is due at the termination of a balloon mortgage.

Bankruptcy: Individuals can restructure or relieve themselves of debts and liabilities by filing in federal bankruptcy court. There are various types of bankruptcies, including the very common Chapter 7 No Asset bankruptcy which relieves the borrower of most types of debts.

Bill of sale: A written document that transfers title to personal property. For example, if someone sells a car and used the money from that sale as a down payment source or for closing costs, the lender will usually require the bill of sale (in addition to other items) to document this source of funds.

Bi-weekly mortgage: A mortgage which is paid every two weeks (usually as opposed to a monthly payment). By paying bi-weekly, there are 13 payments made during a year rather than 12. The extra payment reduces the principal, substantially reducing the time it takes to pay off a 30 year mortgage.

Blanket Mortgage: A mortgage encumbering more than one property of the borrower.

Bond market: Usually refers to the daily buying and selling of 30 year treasury bonds. Lenders follow this market intensely because as the yields of bonds go up and down, fixed rate mortgages do approximately the same thing. The same factors that affect the Treasury Bond market also affect mortgage rates at the same time. That is why rates change daily, and in a volatile market can and do change during the day as well.

Board of REALTORS® (local): An association of REALTORS® in a specific geographic area.

Bridge loan: Not used much anymore, bridge loans are obtained by those who have not yet sold their previous property, but must close on a purchase property. The bridge loan becomes the source of their funds for the down payment. One reason for their fall from favor is that there are more and more second mortgage lenders now that will lend at a high loan to value.

Broker: The term broker has different meanings in different situations. Most Realtors are sales associates who work under a broker. Some agents are brokers as well, either working for themselves or under another broker. In the mortgage industry, broker usually refers to a company or individual that does not lend the money for the loans themselves, but broker loans to larger lenders or investors.

Broker of record: The person registered with his or her state licensing authority as the managing broker of a specific real estate sales office.

Broker's market analysis (BMA): The real estate broker's opinion of the expected final net sale price, determined after acquisition of the property by the third-party company.

Broker's price opinion (BPO): The real estate broker's opinion of the expected final net sale price, determined prior to the acquisition of the property.

Broker's tour: A preset time and day when real estate sales agents can view listings by multiple brokerages in the market.

Budget: A written plan which shows your income and expenses as precisely as possible.

Buydown: An amount of money paid to the lender at closing to reduce the borrower's out of pocket monthly payment. A buydown can be temporary or permanent. In order to buy down the initial rate for the temporary payment, a lump sum is paid and held in an account used to supplement the borrower's monthly payment. These funds usually come from the seller (or some other source) as a financial incentive to induce someone to buy their property. A lender funded buydown is when the lender pays the initial lump sum. They can accomplish this because the note rate on the loan (after the buydown adjustments) will be higher than the current market rate. One reason for doing this is because the borrower may get to qualify at the start rate and can qualify for a higher loan amount. Another reason is that a borrower may expect his earnings to go up substantially in the near future, but wants a lower payment right now.

Buyer: The purchaser of a property.

Buyer agency: A real estate broker retained by the buyer who has a fiduciary duty to the buyer.

Buyer agent: The agent who shows the buyer's property, negotiates the contract or offer for the buyer, and works with the buyer to close the transaction.

Call option: Similar to the acceleration clause.

Cap: Adjustable rate mortgages (ARMs) have fluctuating interest rates, but those fluctuations are usually limited to a certain amount. Those limitations may apply to how much the loan may adjust over a six month period, an annual period, and over the life of the loan, and are referred to as caps. Some ARMs, although they may have a life cap, allow the interest rate to fluctuate freely, but require a certain minimum payment which can change once a year. There is a limit on how much that payment can change each year, and that limit is also referred to as a cap.

Carrying costs: Cost incurred to maintain a property (taxes, interest, insurance, utilities, and so on).

Cash-out refinance: When a borrower refinances his mortgage at a higher amount than the current loan balance with the intention of pulling out money for personal use, it is referred to as a cash out refinance.

Cash Reserve: A requirement of some lenders that buyers have enough cash remaining after closing to make the first two monthly mortgage payments.

Caveat Emptor: Translated from Latin: Let the buyer beware. This old legal maxim referred to the fact that the buyer took the risk regarding the condition of the item purchased unless protected by a specific warranty. With regard to real property law, caveat emptor is not often applicable since consumer protection laws often require the seller to disclose certain facts to the buyer.

Certificate of deposit: A time deposit held in a bank which pays a certain amount of interest to the depositor.

Certificate of deposit index: One of the indexes used for determining interest rate changes on some adjustable rate mortgages. It is an average of what banks are paying on certificates of deposit.

Certificate of eligibility: A document issued by the Veterans Administration that certifies a veteran's eligibility for a VA loan.

Certificate of Reasonable Value (CRV): Once the appraisal has been performed on a property being bought with a VA loan, the Veterans Administration issues a CRV.

Chain of title: An analysis of the transfers of title to a piece of property over the years.

Clear title: A title that is free of liens or legal questions as to ownership of the property.

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

Closing: This has different meanings in different states. In some states a real estate transaction is not consider closed until the documents record at the local recorders office. In others, the closing is a meeting where all of the documents are signed and money changes hands. In Florida real estate transactions, a closing is the final procedure in which documents are signed and the sale or loan is completed. Another term for closing is a settlement.

Closing agent / attorney: A closing agent or attorney assures that all documentation related to the sale of a house had been completed properly, including the title search and title insurance. The closing agent explains all closing documents to the buyer and the seller, obtains signatures where necessary and record the documents.

Closing costs: Closing costs are separated into non-recurring closing costs and pre-paid items. Non-recurring closing costs are any items which are paid just once as a result of buying the property or obtaining a loan; usually includes fees associated with the mortgage application, approval and closing. These may include fees for mortgage origination or application, credit reports, underwriting and appraisal mortgage insurance. Pre-paids are items which recur over time, such as property taxes and homeowners insurance. Pre-paids are collected in advance and held in escrow. A lender makes an attempt to estimate the amount of all closing costs on the Good Faith Estimate which they issue to the borrower after receiving a home loan application.

Closing statement: A financial disclosure giving an account of all funds received, expected and spent at the closing of a real estate sale, including the escrow deposits for taxes, hazard insurance and mortgage insurance. The statement is furnished by the closing agent or attorney to the buyer and seller separately. The standardized form HUD-1 is used in most residential property sales.

CLUE: CLUE (Comprehensive Loss Underwriting Exchange) is the insurance industry's national database that assigns individuals a risk score. CLUE also has an electronic file of a properties insurance history. These files are accessible by insurance companies nationally. These files could impact the ability to sell property as they might contain information that a prospective buyer might find objectionable, and in some cases not even insurable.

Cloud on title: Any conditions revealed by a title search that adversely affect the title to real estate. Usually clouds on title cannot be removed except by deed, release, or court action.

Co-borrower: A party who signs the mortgage and note along with the primary borrower and who shares the title to, and the obligation to pay for, the property with the borrower. Also called co-mortgagor.

Collateral: In a home loan, the property is the collateral. The borrower risks losing the property if the loan is not repaid according to the terms of the mortgage or deed of trust.

Collection: When a borrower falls behind, the lender contacts them in an effort to bring the loan current. The loan goes to collection. As part of the collection effort, the lender must mail and record certain documents in case they are eventually required to foreclose on the property.

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 his or her agent.

Commission split: The percentage split of commission compensation between the real estate sales brokerage and the real estate sales agent or broker.

Comparative market analysis: A study done by real estate sales agents and brokers using active, pending, and sold comparable properties to estimate a listing price for a property.

Competitive market analysis (CMA): The analysis used to provide market information to the seller and assist the real estate broker in securing the listing.

Condominium: A type of ownership in real property where all of the owners jointly own the common areas (such as the land, parking lot, recreational buildings, etc.) but individually own the interior space of the unit to which they have title.

Condominium association: An association of all owners in a condominium.

Condominium budget: A financial forecast and report of a condominium association's expenses and savings.

Condominium by-laws: Rules passed by the condominium association used in administration of the condominium property.

Condominium conversion: Changing the ownership of an existing building (usually a rental project) to the condominium form of ownership.

Condominium declarations: A document that legally establishes a condominium.

Condominium hotel: A condominium project that has rental or registration desks, short-term occupancy, food and telephone services, and daily cleaning services and that is operated as a commercial hotel even though the units are individually owned. These are often found in resort areas.

Condominium right of first refusal: A person or an association that has the first opportunity to purchase condominium real estate when it becomes available or the right to meet any other offer.

Condominium rules and regulation: Rules of a condominium association by which owners agree to abide.

Commitment letter / commitment: A formal offer by a lender stating the terms under which it agrees to lend money to a home buyer, at a future date, if all the stated conditions are met.

Common area assessments: Also referred to as Homeowners Association Fees, they are charges paid to the Homeowners Association by the owners of the individual units in a condominium or planned unit development (PUD) and are generally used to maintain the property and common areas.

Common areas: Those portions of a building, land, and amenities owned or managed by a planned unit development (PUD) or condominium project's homeowners' association (or a cooperative project's cooperative corporation) that are used by all of the unit owners, who share in the common expenses of their operation and maintenance. Common areas include swimming pools, tennis courts, and other recreational facilities, as well as common corridors of buildings, parking areas, means of ingress and egress, etc.

Common law: An unwritten body of law based on general custom in England and used to an extent in some states.

Community property: In some states, property acquired by a married couple during their marriage is considered to be owned jointly, except under special circumstances.

Comparables / comparable sales: Refers to the properties that were reviewed as part of a comparative market analysis. Comparables are typically recent sales of similar properties in nearby areas which are used to help determine the market value of a property. Also referred to as comps.

Comparative Market Analysis (CMA): A written report that reviews the prices of comparable homes that are currently on the market, that are currently under contract, and that have closed or sold in the past several months.

Conditional sales contract: A contract for the sale of a property in which transfer of title to the buyer is contingent on fulfillment of certain conditions or contingencies.

Conditions: Those items or issues as stated in the commitment letter which a lender requires must be met if they are to actually make or close the loan.

Construction loan: A short-term, interim loan for financing the cost of construction. The lender makes payments to the builder at periodic intervals as the work progresses.

Contingency: A condition that must be met before a contract is legally binding. For example, home purchasers often include a contingency that specifies that the contract is not binding until the purchaser obtains a satisfactory home inspection report from a qualified home inspector.

Continue to show: When a property is under contract with contingencies, but the seller requests that the property continue to be shown to prospective buyers until contingencies are released.

Contract: Generically, an oral or written agreement to do or not to do a certain thing. In real estate, a contract between a purchaser and a seller of real property to convey a title after certain conditions have been met and payment has been made.

Contract for deed: A sales contract in which the buyer takes possession of the property but the seller holds title until the loan is paid. Also known as an installment sale contract.

Contract of sale: An agreement between the third-party relocation company and the seller (transferee) whereby the third-party company purchases property owned by the seller.

Conventional mortgage: A type of mortgage that has certain limitations placed on it to meet secondary market guidelines. Mortgage companies, banks, and savings and loans underwrite conventional mortgages.

Convertible ARM: An adjustable-rate mortgage that allows the borrower to change the ARM to a fixed-rate mortgage within a specific time.

Cooperating commission: A commission offered to the buyer's agent brokerage for bringing a buyer to the selling brokerage's listing.

Cooperative (Co-op): Where the shareholders of the corporation are the inhabitants of the building. Each shareholder has the right to lease a specific unit. The difference between a co-op and a condo is in a co-op, one owns shares in a corporation; in a condo one owns the unit fee simple.

Cooperative (co-op): A type of multiple ownership in which the residents of a multiunit housing complex own shares in the cooperative corporation that owns the property, giving each resident the right to occupy a specific apartment or unit.

Cost of funds index (COFI)
One of the indexes that is used to determine interest rate changes for certain adjustable-rate mortgages. It represents the weighted-average cost of savings, borrowings, and advances of the financial institutions such as banks and savings and loans.

Corporate client: The company with whom the third-party relocation company has an agreement to handle the relocating employees.

Counteroffer: The response to an offer or a bid by the seller or buyer after the original offer or bid.

Credit: An agreement in which a borrower receives something of value in exchange for a promise to repay the lender at a later date.

Credit history: A record of an individual's repayment of debt which are reviewed by mortgage lenders as one of the underwriting criteria in determining credit risk.

Creditor: A person to whom money is owed.

Credit rating: A credit reporting agency's ranking of a persons credit worthiness or the way a person has repaid his/her debts. A lender uses an applicants history and rating to decided whether or not to make a loan.

Credit report: Includes all of the history for a borrower's credit accounts, outstanding debts, and payment timelines on past or current debts.

Credit reporting agency / credit repository: An organization that gathers, records, updates, and stores financial and public records information about the payment records of individuals who are being considered for credit. The credit reporting agencies in the U.S. are Equifax, TRW and Trans Union. Information may differ between these agencies.

Credit score: A score assigned to a borrower's credit report based on information contained therein.

Curb appeal: The visual impact a property projects from the street.

Days on market: The number of days a property has been on the market.

Debt: An amount owed to another.

Deed: The legal document that transfers the rights of ownership (the title) of a property from the seller to the buyer. The deed conveys title.

Deed-in-lieu: Short for deed in lieu of foreclosure, this conveys title to the lender when the borrower is in default and wants to avoid foreclosure. The lender may or may not cease foreclosure activities if a borrower asks to provide a deed-in-lieu. Regardless of whether the lender accepts the deed-in-lieu, the avoidance and non-repayment of debt will most likely show on a credit history. What a deed-in-lieu may prevent is having the documents preparatory to a foreclosure being recorded and become a matter of public record.

Decree: A judgment of the court that sets out the agreements and rights of the parties.

Desk fees: A fee charged by the real estate company or brokerage for the real estate agent to use a desk.

Deed of trust: An instrument used in some states in place of a mortgage. The borrower transfers the title to the property to a trustee who holds it in trust in favor of the lender. Deeds of trust are not used in Florida.

Default: Failure to make the mortgage payment within a specified period of time or to otherwise fail to comply with mortgage requirements.

Deficiency Judgment: A money judgment entered against a borrower for the amount which the borrower is liable on the note and mortgage if a foreclosure sale does not produce enough to pay the debt.

Delinquency: A loan in which a payment is overdue but not yet in default.

Delinquent: A loan payment that has not been received 30 days after its due date.

Deposit: A sum of money given in advance of a larger amount being expected in the future. In real estate, often called an earnest money deposit.

Depreciation: A decline in the value of property; the opposite of appreciation. Depreciation is also an accounting term which shows the declining monetary value of an asset and is used as an expense to reduce taxable income. Since this is not a true expense where money is actually paid, lenders will add back depreciation expense for self-employed borrowers and count it as income.

Destination services: Services provided to the transferee at the new location. They can include familiarization tours, temporary housing, school searches, and so on.

Direct home-selling costs (DHSC): Carrying costs, loss on sale, repairs and improvements, commission, closing costs, principal, interest, taxes and insurance, interest on equity loans, and utilities.

Disclosures: Federal, state, county, and local requirements of disclosure that the seller provides and the buyer acknowledges.

Discount points: In the mortgage industry, this term is usually used in reference to government loans, meaning FHA and VA loans. Discount points refer to any points paid in addition to the one percent loan origination fee. A point is one percent of the loan amount.

Disposable Income: The money that is left over after you have paid all your fixed and variable expenses.

Divorce: The legal separation of a husband and wife effected by a court decree that totally dissolves the marriage relationship.

DOM: Days on market.

Down payment: The part of the purchase price of a property that the buyer pays in cash and does not finance with a mortgage.

Due-on-sale provision: A provision in a mortgage that allows the lender to demand repayment in full if the borrower sells the property that serves as security for the mortgage.

Drive-by: When a buyer or seller agent or broker drives by a property listing or potential listing.

Earnest money deposit: A deposit made by the potential home buyer to show that he or she is serious about buying the house, generally made payable to a third party (not the seller) and held in escrow until closing.

Easement: The right to use the land of another for a specific purpose. It is created by or reserved in a written instrument. It is for the benefit of specific property (such as the right of one party to cross the land of another) or is in gross, such as an easement given to a public utility.

Effective age: An appraiser's estimate of the physical condition of a building. The actual age of a building may be shorter or longer than its effective age.

Egress: Usually part of the term "ingress and egress" ften used interchangeably with the word access. It means the right to come and go across the land of another.

Eminent domain: The right of a government to take private property for public use upon payment of its fair market value. Eminent domain is the basis for condemnation proceedings.

Encroachment: An improvement that intrudes illegally on another's property.

Earnest money deposit: The money given to the seller at the time the offer is made as a sign of the buyer's good faith.

E-mail: Electronic or Internet-based communication.

Encumbrance: Anything that affects or limits the fee simple title to a property, such as mortgages, leases, easements, or restrictions.

Equal Credit Opportunity Act (ECOA): A federal law that requires lenders and other creditors to make credit equally available without discrimination based on race, color, religion, national origin, age, sex, marital status, or receipt of income from public assistance programs.

Equity: A homeowner's financial interest in a property. Equity is the difference between the fair market value of the property and the amount still owed on its mortgage and other liens.

Escrow / escrow account: An item of value, money, or documents deposited with a third party to be delivered upon the fulfillment of a condition. An escrow account is used to hold earnest money deposit until it is delivered to the seller when the transaction is closed. Once a property is purchased, you may have an escrow account with your lender. This means the amount you pay each month includes an amount above what would be required if you were only paying your principal and interest. The extra money is held in your escrow account for the payment of items like property taxes and homeowner's insurance when they come due. The lender pays them with your money instead of you paying them yourself.

Escrow analysis: Lenders typically perform an annual escrow analysis to make sure they are collecting the correct amount of money for the anticipated expenditures.

Escrow disbursements / escrow payments: The use of escrow funds to pay real estate taxes, hazard insurance, mortgage insurance, and other property expenses as they become due.

Estate: The ownership interest of an individual in real property. The sum total of all the real property and personal property owned by an individual at time of death.

Eviction: The lawful expulsion of an occupant from real property.

Escrow account for real estate taxes and insurance: An account into which borrowers pay monthly prorations for real estate taxes and property insurance.

Examination of title: The report on the title of a property from the public records or an abstract of the title.

Executor: A person named in a will to administer an estate. The court appointed administrator if no executor is named. The term executrix may also be used to denote the feminine form.

Exclusive listing: A written contract that gives a licensed real estate agent the exclusive right to sell a property for a specified time.

Exchange/service account: A brokerage expense account that accrues charges for marketing.

Exclusions: Fixtures or personal property that are excluded from the contract or offer to purchase.

Expired (listing): A property listing that has expired per the terms of the listing agreement.

Fair Credit Opportunity (ECOA): A federal law that prohibits lenders from denying mortgages on the basis of a borrower's race, color, religion, national origin, age, sex, marital status or receipt of income from public assistance programs.

Fair Credit Reporting Act: A consumer protection law that regulates the disclosure of consumer credit reports by consumer/credit reporting agencies and establishes procedures for correcting mistakes on one's credit record.

Fair market value: The highest price that a buyer, willing but not compelled to buy, would pay, and the lowest a seller, willing but not compelled to sell, would accept.

Fannie Mae (FNMA): The Federal National Mortgage Association, which is a congressionally chartered, shareholder-owned company that is the nation's largest supplier of home mortgage funds.

Fannie Mae's Community Home Buyer's Program: An income-based community lending model, under which mortgage insurers and Fannie Mae offer flexible underwriting guidelines to increase a low- or moderate-income family's buying power and to decrease the total amount of cash needed to purchase a home. Borrowers who participate in this model are required to attend pre-purchase home-buyer education sessions.

Fax rider: A document that treats facsimile transmission as the same legal effect as the original document.

Federal Home Loan Mortgage Corporation (FHLMC): A quasi-government agency that purchases mortgages in the secondary mortgage market from insured depository institutions and HUD-approved mortgage bankers.

Federal Housing Administration (FHA): An agency of the U.S. Department of Housing and Urban Development (HUD). Its main activity is the insuring of residential mortgage loans made by private lenders. The FHA sets standards for construction and underwriting but does not lend money or plan or construct housing.

Fee simple: A form of property ownership where the owner has the right to use and dispose of property at will.

Fee simple estate: An unconditional, unlimited estate of inheritance that represents the greatest estate and most extensive interest in land that can be enjoyed. It is of perpetual duration. When the real estate is in a condominium project, the unit owner is the exclusive owner only of the air space within his or her portion of the building (the unit) and is an owner in common with respect to the land and other common portions of the property.

Feedback: The real estate sales agent and/or his or her client's reaction to a listing or property. Requested by the listing agent.

FHA mortgage: A mortgage that is insured by the Federal Housing Administration (FHA). Along with VA loans, an FHA loan will often be referred to as a government loan.

FHA: Federal Housing Administration.

FHA (Federal Housing Administration) Loan Guarantee: A guarantee by the FHA that a percentage of a loan will be underwritten by a mortgage company or banker.

Firm commitment: A lender's agreement to make a loan to a specific borrower on a specific property.

First mortgage: The mortgage that is in first place among any loans recorded against a property. The first mortgage has the first claim in the event of default.

Fixed expenses: Cash expenditures or outlays which remain the same from month to month. They generally take up the largest share of your budget and are not easily or quickly changed (examples: rent or mortgage, car payment, loan payments, insurance premiums). Not all fixed expenses, however, are monthly (insurance, for example). Despite that, they should be included in a budget.

Fixed-rate mortgage: A mortgage in which the interest rate does not change during the entire term of the loan.

Fixture: Personal property that has become part of the property through permanent attachment.

Flat fee: A predetermined amount of compensation received or paid for a specific service in a real estate transaction.

Floor duty or time: That a time, usually assigned, when a real estate sales agent answers telephones, e-mails, or walk-in requests for information on property.

Flood insurance: Insurance that compensates for physical property damage resulting from flooding. It is required for properties located in federally designated flood areas.

For sale by owner (FSBO): A property that is for sale by the owner of the property.

Forbearance: The lender's postponement of foreclosure to give the borrower time to catch up on overdue payments.

Foreclosure: The legal process by which a borrower in default under a mortgage is deprived of his or her interest in the mortgaged property. This usually involves a forced sale of the property at public auction with the proceeds of the sale being applied to the mortgage debt.

General lien: A lien or charge against all property of the debtor rather than against only specific property of the debtor. A final judgment is a general lien while ad valorem taxes and mortgages constitute specific liens.

Gift letter: A letter to a lender stating that a gift of cash has been made to the buyer(s) and that the person gifting the cash to the buyer is not expecting the gift to be repaid. The exact wording of the gift letter should be requested of the lender.

Good faith estimate: Under the Real Estate Settlement Procedures Act, within three days of an application submission, lenders are required to provide in writing to potential borrowers a good faith estimate of closing costs.

Government loan (mortgage): A mortgage that is insured by the Federal Housing Administration (FHA) or guaranteed by the Department of Veterans Affairs (VA) or the Rural Housing Service (RHS). Mortgages that are not government loans are classified as conventional loans.

Government National Mortgage Association (Ginnie Mae): A government-owned corporation within the U.S. Department of Housing and Urban Development (HUD). GNMA performs the same role as Fannie Mae and Freddie Mac in providing funds to lenders for making home loans. The difference is that Ginnie Mae provides funds for government loans (FHA and VA).

Gross closed commission income: The total amount of commission income a real estate sales agent or broker receives from closed transactions.

Gross sale price: The sale price before any concessions.

Graduated Payment Mortgage: A mortgage which requires increasingly higher payments over the loan term, but with the interest rate remaining constant. The payments are lower than necessary to amortize the loan in the beginning and higher later. Graduated payment mortgages are intended for people whose income is strongly expected to increase; such as a young physician, for example.

Grantee: The person to whom an interest in real property is conveyed.

Grantor: The person conveying an interest in real property.

Gross income: Your total on-going and verifiable income before any deductions are taken.

Guaranteed offer: The amount, after appraisals, the employer offers the transferring employee for his or her property.

Hazard insurance: A broad form of casualty insurance coverage that includes protection against loss from physical damage to a property such as fire, wind, vandalism, or other hazards.

Home Equity Conversion Mortgage (HECM): Usually referred to as a reverse mortgage, what makes this type of mortgage unique is that instead of making payments to a lender, the lender makes payments to you. It enables older home owners to convert the equity they have in their homes into cash, usually in the form of monthly payments. Unlike traditional home equity loans, a borrower does not qualify on the basis of income but on the value of his or her home. In addition, the loan does not have to be repaid until the borrower no longer occupies the property.

Home equity line of credit: A mortgage loan, usually in second position, that allows the borrower to obtain cash drawn against the equity of his home, up to a predetermined amount.

Home-finding assistance: Additional assistance provided by a third-party relocation company that can include information about the destination community.

Home inspection: A thorough inspection by a professional that evaluates the structural and mechanical condition of a property. A satisfactory home inspection is often included as a contingency by the purchaser.

Homeowners' association: A non-profit association that manages the common areas of a planned unit development (PUD) or condominium project. In a condominium project, it has no ownership interest in the common elements. In a PUD project, it holds title to the common elements.

Homeowner's insurance: An insurance policy that combines personal liability insurance, theft coverage, liability for property damage and hazard insurance coverage for a dwelling and its contents.

Homeowner's warranty: A type of insurance often purchased by homebuyers that will cover repairs to certain items, such as heating or air conditioning, should they break down within the coverage period.

Housing Finance Agency (HFA): State agencies which are responsible for the financing of housing and the administration of subsidized housing programs.

HUD: U.S. Department of Housing and Urban Development.

HUD/RESPA (Housing and Urban Development/Real Estate Settlement Procedures Act):A document and statement that details all of the monies paid out and received at a real estate property closing.

HUD median income: Median family income for a particular county or metropolitan statistical area (MSA), as estimated by the Department of Housing and Urban Development (HUD).

Hybrid adjustable rate: Offers a fixed rate the first 5 years and then adjusts annually for the next 25 years.

HUD-1 settlement statement: A document that provides an itemized listing of the funds that were paid at closing. Items that appear on the statement include real estate commissions, loan fees, points, and initial escrow (impound) amounts. Each type of expense goes on a specific numbered line on the sheet. The totals at the bottom of the HUD-1 statement define the seller's net proceeds and the buyer's net payment at closing. It is called a HUD1 because the form is printed by the Department of Housing and Urban Development (HUD). The HUD1 statement is also known as the closing statement or settlement sheet.

IDX: (Internet Data Exchange) Allows real estate brokers to advertise each other's listings posted to listing databases such as the multiple listing service.

Inclusions: Fixtures or personal property that are included in a contract or offer to purchase.

Independent contractor: A real estate sales agent who conducts real estate business through a broker. This agent does not receive salary or benefits from the broker.

Inputting: The process of entering new listings or changes to a current listing in the multiple listing services.

Inspection rider: Rider to purchase agreement between third-party relocation company and buyer of transferee's property stating that property is being sold "as is". All inspection reports conducted by the third party company are disclosed to the buyer and it is the buyer's duty to do his/her own inspections and tests.

Income:Money that you receive regularly for wages, fees, benefits, allowance payments or commission.

Impound Account: Also referred to as an escrow account. Refers to money held by the lender for the payment of taxes, insurance and where applicable, flood insurance and private mortgage insurance. The borrower pays a portion with each monthly payment. The lender pays the bills from the accumulated funds.

Installment debt: Accounts which have a specific term or length of time to pay, and a set monthly payment. A car payment or student loan are examples of installment debts.

Installment land contract: A contract in which the buyer takes possession of the property while the seller retains the title to the property until the loan is paid.

Interest: Fee charged for borrowing money.

Interest rate: Annual interest rate for this mortgage.

Interest rate float: The borrower decides to delay locking their interest rate on their loan. They can float their rate in expectation of the rate moving down. At the end of the float period they must lock a rate.

Interest rate lock: When the borrower and lender agree to lock a rate on loan. Can have terms and conditions attached to the lock.

Inventory: A transferee's property the third party relocation company has acquired.

Johnson v. Davis: The landmark 1985 Florida Supreme Court case that holds that where a seller of a home knows of facts materially affecting the value of the property which are not readily observable and are not known to the buyer, the seller is under a duty to disclose them to the buyer.

Joint Tenancy with Right of Survivorship: A form of real property ownership where two or more parties own equal interests. Upon the death of one of the parties, the entire interest passes to the surviving joint tenant(s) rather than to heirs of the deceased.

Judgment: A decision made by a court of law. In judgments that require the repayment of a debt, the court may place a lien against the debtor's real property as collateral for the judgment's creditor.

Judicial foreclosure: A type of foreclosure proceeding used in some states that is handled as a civil lawsuit and conducted entirely under the auspices of a court. Other states use non-judicial foreclosure.

Jumbo loan: A loan that exceeds Fannie Mae's and Freddie Mac's loan limits; also called a non-conforming loan. Freddie Mac and Fannie Mae loans are referred to as conforming loans.

Late charge: The penalty a borrower must pay when a payment is made after the stated due date.

Latent defect: A hidden defect, one that is not readily discoverable by mere observation. In the famous case of Johnson v. Davis, it was held that sellers and their real estate agents must disclose material latent defects concerning the property to prospective purchasers (or lessees).

Lease: A written agreement between the property owner and a tenant that stipulates the payment and conditions under which the tenant may possess the real estate for a specified period of time.

Leasehold estate: A way of holding title to a property wherein the mortgagor does not actually own the property but rather has a recorded long-term lease on it.

Lease option: An alternative financing option that allows home buyers to lease a home with an option to buy. Each month's rent payment may consist of not only the rent, but an additional amount which can be applied toward the down payment on an already specified price.

Legal description: A property description, recognized by law, that is sufficient to locate and identify the property without oral testimony.

Lender: A term which can refer to the institution making the loan or to the individual representing the firm. For example, loan officers, bankers and credit unions are all referred to as lenders.

Lessee: Tenant

Lessor: Landlord

Letter of explanation: A written statement which explains the reason(s) why any derogatory or negative credit action such as late payments, collections, judgments, charge-offs or bankruptcy have occurred over time.

Liabilities: A person's financial obligations. Liabilities include long-term and short-term debt, as well as any other amounts that are owed to others.

Liability insurance: Insurance coverage that offers protection against claims alleging that a property owner's negligence or inappropriate action resulted in bodily injury or property damage to another party. It is usually part of a homeowner's insurance policy.

Lien: A legal claim against a property that must be paid off when the property is sold. A mortgage or first trust deed is considered a lien.

Life cap: For an adjustable-rate mortgage (ARM), a limit on the amount that the interest rate can increase or decrease over the life of the mortgage.

Line of credit: An agreement by a commercial bank or other financial institution to extend credit up to a certain amount for a certain time to a specified borrower.

Liquid asset: A cash asset or an asset that is easily converted into cash.

List date: Actual date the property was listed with the current broker.

List price: The price of a property through a listing agreement.

Listing: Brokers written agreement to represent a seller and their property. Agents refer to their inventory of agreements with sellers as listings.

Listing agent: The real estate sales agent that is representing the sellers and their property, through a listing agreement.

Listing agreement: A document that establishes the real estate agent's agreement with the sellers to represent their property in the market.

Listing appointment: The time when a real estate sales agent meets with potential clients selling a property to secure a listing agreement.

Listing exclusion: A clause included in the listing agreement when the seller (transferee) lists his or her property with a broker.

Loan: An amount of money that is lent to a borrower who agrees to repay the amount plus interest.

Loan application: A document that buyers who are requesting a loan fill out and submit to their lender.**1031 exchange or Starker exchange**: The delayed exchange of properties that qualifies for tax purposes as a tax-deferred exchange.

1099: The statement of income reported to the IRS for an independent contractor.

24-hour notice: Allowed by law, tenants must be informed of showing 24 hours before you arrive.

401(k)/403(b) loan: Some administrators of 401(k)/403(b) plans allow for loans against the monies you have accumulated in these plans. Loans against 401K plans are an acceptable source of down payment for most types of loans.

A/I: A contract that is pending with attorney and inspection contingencies.

Abstract of Title: A condensed history of the record title to land consisting of a photocopy or a summary of the material portion of all recorded conveyances, liens, charges or liabilities which affect the land. An attorney can give an opinion of title based upon the attorney's review of the abstract. A title search is generally an abbreviated form of abstract upon which the issuance of title insurance is based.

Acceleration Clause: The clause in a note and mortgage which gives the lender the right to demand full payment upon the happening of a certain event, as for example, missed payments, failure to insure, failure to pay taxes or transfer of ownership without the lender's consent where such consent is required.

Accretion: The gradual addition to the shore or bank of a waterway.

Accompanied showings: Those showings where the listing agent must accompany an agent and his or her clients when viewing a listing.

Addendum: An addition to; a document.

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

Adjustment date: The date the interest rate changes on an adjustable-rate mortgage.

Ad valorem: The literal meaning is according to value. It is a method of taxing using the value of the thing taxed to determine the amount of the tax. Property taxes are ad valorem taxes.

Alternate Credit:Documentation such as paid utility or telephone bills, rent payments, car insurance payments or other regular scheduled payments. For persons without traditional credit, willingness and ability to pay can be demonstrated using obligations such as these.

Amended value: The actual sale price after the seller successfully markets and sells his or her home through the broker of his or her choice. The sale is turned over to a third-party relocation company for closing, and the guaranteed offer is amended or changed.

American Society of Home Inspectors (ASHI): A non-profit organization formed as a voluntary professional society. To qualify for membership, inspectors must pass a series of tests that measure their technical and professional knowledge. Before they can join they must also perform at least 250 paid professional inspections according to the ASHI standards of practice. They must undergo a one-year review and trial period, subscribe to the Society's Code of Ethics and meet a yearly quota of continuing education requirements.

Amortization: Amortization of a loan refers to the payment of the debt in installments of principal and interest. The loan payment consists of a portion which will be applied to pay the accruing interest on a loan, with the remainder being applied to the principal. Over time, the interest portion decreases as the loan balance decreases, and the amount applied to principal increases so that the loan is paid off (amortized) in the specified time.

Amortization schedule: A table which shows how much of each payment will be applied toward principal and how much toward interest over the life of the loan. It also shows the gradual decrease of the loan balance until it reaches zero.

Annual home insurance: The annual amount you expect to pay in home owners insurance. This amount is divided by 12 to determine the monthly home owners insurance included in PITI (see PITI).

Application: The form used to apply for a mortgage loan that includes information about the borrower's income, savings, assets, debts and more.

Application fees: Fees that mortgage companies charge buyers at the time of written application for a loan; for example, fees for running credit reports of borrowers, property appraisal fees, and lender-specific fees.

Appraised price (AP): The price the third-party relocation company offers (under most contracts) the seller for his or her property. Generally, the average of two or more independent appraisals.

Appraisal: A formal written analysis, estimating the current market value of a property, based on a range of factors including comparable sales of similar homes nearby. Also refers to the process by which this estimate is obtained.

Appraised value: The estimate of a property's value made by a qualified expert. Used by lenders to assure the value of the property is at least as much as the amount of the proposed loan.

Appraiser: An individual qualified by education, training, and experience to estimate the value of real property and personal property. Although some appraisers work directly for mortgage lenders, most are independent. The appraiser decides the market value of a home based on its condition and the selling prices of comparable homes recently sold in the area. His or her job is to compute a fair estimate of the market value to the property.

Appreciation: The increase in the value of a property due to changes in market conditions, inflation, or other causes.

"As-is": A contract or offer clause stating that the seller will not repair or correct any problems with the property. Also used in listings and marketing materials.

Assessed value: The value that a taxing authority places upon personal property for the purpose of taxation.

Assessment: The placing of a value on property for the purpose of taxation.

Assessor: A public official who establishes the value of a property for taxation purposes.

Asset: Items of value owned by an individual. Assets that can be quickly converted into cash are considered liquid assets. These include bank accounts, stocks, bonds, mutual funds, and so on. Other assets include real estate, personal property, and debts owed to an individual by others.

Assignment: When ownership of your mortgage is transferred from one company or individual to another, it is called an assignment.

Assumable mortgage: One in which the buyer agrees to fulfill the obligations of the existing loan agreement that the seller made with the lender. When assuming a mortgage, a buyer becomes personally liable for the payment of principal and interest. The original mortgagor should receive a written release from the liability when the buyer assumes the original mortgage.

Assumption: The term applied when a buyer assumes the seller's mortgage.

Back on market (BOM): When a property or listing is placed back on the market after being removed from the market recently.

Back-up agent: A licensed agent who works with clients when their agent is unavailable.

Back-up offer: When an offer is accepted contingent on the fall through or voiding of an accepted first offer on a property.

Balloon payment: The final lump sum payment that is due at the termination of a balloon mortgage.

Bankruptcy: Individuals can restructure or relieve themselves of debts and liabilities by filing in federal bankruptcy court. There are various types of bankruptcies, including the very common Chapter 7 No Asset bankruptcy which relieves the borrower of most types of debts.

Bill of sale: A written document that transfers title to personal property. For example, if someone sells a car and used the money from that sale as a down payment source or for closing costs, the lender will usually require the bill of sale (in addition to other items) to document this source of funds.

Bi-weekly mortgage: A mortgage which is paid every two weeks (usually as opposed to a monthly payment). By paying bi-weekly, there are 13 payments made during a year rather than 12. The extra payment reduces the principal, substantially reducing the time it takes to pay off a 30 year mortgage.

Blanket Mortgage: A mortgage encumbering more than one property of the borrower.

Bond market: Usually refers to the daily buying and selling of 30 year treasury bonds. Lenders follow this market intensely because as the yields of bonds go up and down, fixed rate mortgages do approximately the same thing. The same factors that affect the Treasury Bond market also affect mortgage rates at the same time. That is why rates change daily, and in a volatile market can and do change during the day as well.

Board of REALTORS® (local): An association of REALTORS® in a specific geographic area.

Bridge loan: Not used much anymore, bridge loans are obtained by those who have not yet sold their previous property, but must close on a purchase property. The bridge loan becomes the source of their funds for the down payment. One reason for their fall from favor is that there are more and more second mortgage lenders now that will lend at a high loan to value.

Broker: The term broker has different meanings in different situations. Most Realtors are sales associates who work under a broker. Some agents are brokers as well, either working for themselves or under another broker. In the mortgage industry, broker usually refers to a company or individual that does not lend the money for the loans themselves, but broker loans to larger lenders or investors.

Broker of record: The person registered with his or her state licensing authority as the managing broker of a specific real estate sales office.

Broker's market analysis (BMA): The real estate broker's opinion of the expected final net sale price, determined after acquisition of the property by the third-party company.

Broker's price opinion (BPO): The real estate broker's opinion of the expected final net sale price, determined prior to the acquisition of the property.

Broker's tour: A preset time and day when real estate sales agents can view listings by multiple brokerages in the market.

Budget: A written plan which shows your income and expenses as precisely as possible.

Buydown: An amount of money paid to the lender at closing to reduce the borrower's out of pocket monthly payment. A buydown can be temporary or permanent. In order to buy down the initial rate for the temporary payment, a lump sum is paid and held in an account used to supplement the borrower's monthly payment. These funds usually come from the seller (or some other source) as a financial incentive to induce someone to buy their property. A lender funded buydown is when the lender pays the initial lump sum. They can accomplish this because the note rate on the loan (after the buydown adjustments) will be higher than the current market rate. One reason for doing this is because the borrower may get to qualify at the start rate and can qualify for a higher loan amount. Another reason is that a borrower may expect his earnings to go up substantially in the near future, but wants a lower payment right now.

Buyer: The purchaser of a property.

Buyer agency: A real estate broker retained by the buyer who has a fiduciary duty to the buyer.

Buyer agent: The agent who shows the buyer's property, negotiates the contract or offer for the buyer, and works with the buyer to close the transaction.

Call option: Similar to the acceleration clause.

Cap: Adjustable rate mortgages (ARMs) have fluctuating interest rates, but those fluctuations are usually limited to a certain amount. Those limitations may apply to how much the loan may adjust over a six month period, an annual period, and over the life of the loan, and are referred to as caps. Some ARMs, although they may have a life cap, allow the interest rate to fluctuate freely, but require a certain minimum payment which can change once a year. There is a limit on how much that payment can change each year, and that limit is also referred to as a cap.

Carrying costs: Cost incurred to maintain a property (taxes, interest, insurance, utilities, and so on).

Cash-out refinance: When a borrower refinances his mortgage at a higher amount than the current loan balance with the intention of pulling out money for personal use, it is referred to as a cash out refinance.

Cash Reserve: A requirement of some lenders that buyers have enough cash remaining after closing to make the first two monthly mortgage payments.

Caveat Emptor: Translated from Latin: Let the buyer beware. This old legal maxim referred to the fact that the buyer took the risk regarding the condition of the item purchased unless protected by a specific warranty. With regard to real property law, caveat emptor is not often applicable since consumer protection laws often require the seller to disclose certain facts to the buyer.

Certificate of deposit: A time deposit held in a bank which pays a certain amount of interest to the depositor.

Certificate of deposit index: One of the indexes used for determining interest rate changes on some adjustable rate mortgages. It is an average of what banks are paying on certificates of deposit.

Certificate of eligibility: A document issued by the Veterans Administration that certifies a veteran's eligibility for a VA loan.

Certificate of Reasonable Value (CRV): Once the appraisal has been performed on a property being bought with a VA loan, the Veterans Administration issues a CRV.

Chain of title: An analysis of the transfers of title to a piece of property over the years.

Clear title: A title that is free of liens or legal questions as to ownership of the property.

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

Closing: This has different meanings in different states. In some states a real estate transaction is not consider closed until the documents record at the local recorders office. In others, the closing is a meeting where all of the documents are signed and money changes hands. In Florida real estate transactions, a closing is the final procedure in which documents are signed and the sale or loan is completed. Another term for closing is a settlement.

Closing agent / attorney: A closing agent or attorney assures that all documentation related to the sale of a house had been completed properly, including the title search and title insurance. The closing agent explains all closing documents to the buyer and the seller, obtains signatures where necessary and record the documents.

Closing costs: Closing costs are separated into non-recurring closing costs and pre-paid items. Non-recurring closing costs are any items which are paid just once as a result of buying the property or obtaining a loan; usually includes fees associated with the mortgage application, approval and closing. These may include fees for mortgage origination or application, credit reports, underwriting and appraisal mortgage insurance. Pre-paids are items which recur over time, such as property taxes and homeowners insurance. Pre-paids are collected in advance and held in escrow. A lender makes an attempt to estimate the amount of all closing costs on the Good Faith Estimate which they issue to the borrower after receiving a home loan application.

Closing statement: A financial disclosure giving an account of all funds received, expected and spent at the closing of a real estate sale, including the escrow deposits for taxes, hazard insurance and mortgage insurance. The statement is furnished by the closing agent or attorney to the buyer and seller separately. The standardized form HUD-1 is used in most residential property sales.

CLUE: CLUE (Comprehensive Loss Underwriting Exchange) is the insurance industry's national database that assigns individuals a risk score. CLUE also has an electronic file of a properties insurance history. These files are accessible by insurance companies nationally. These files could impact the ability to sell property as they might contain information that a prospective buyer might find objectionable, and in some cases not even insurable.

Cloud on title: Any conditions revealed by a title search that adversely affect the title to real estate. Usually clouds on title cannot be removed except by deed, release, or court action.

Co-borrower: A party who signs the mortgage and note along with the primary borrower and who shares the title to, and the obligation to pay for, the property with the borrower. Also called co-mortgagor.

Collateral: In a home loan, the property is the collateral. The borrower risks losing the property if the loan is not repaid according to the terms of the mortgage or deed of trust.

Collection: When a borrower falls behind, the lender contacts them in an effort to bring the loan current. The loan goes to collection. As part of the collection effort, the lender must mail and record certain documents in case they are eventually required to foreclose on the property.

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 his or her agent.

Commission split: The percentage split of commission compensation between the real estate sales brokerage and the real estate sales agent or broker.

Comparative market analysis: A study done by real estate sales agents and brokers using active, pending, and sold comparable properties to estimate a listing price for a property.

Competitive market analysis (CMA): The analysis used to provide market information to the seller and assist the real estate broker in securing the listing.

Condominium: A type of ownership in real property where all of the owners jointly own the common areas (such as the land, parking lot, recreational buildings, etc.) but individually own the interior space of the unit to which they have title.

Condominium association: An association of all owners in a condominium.

Condominium budget: A financial forecast and report of a condominium association's expenses and savings.

Condominium by-laws: Rules passed by the condominium association used in administration of the condominium property.

Condominium conversion: Changing the ownership of an existing building (usually a rental project) to the condominium form of ownership.

Condominium declarations: A document that legally establishes a condominium.

Condominium hotel: A condominium project that has rental or registration desks, short-term occupancy, food and telephone services, and daily cleaning services and that is operated as a commercial hotel even though the units are individually owned. These are often found in resort areas.

Condominium right of first refusal: A person or an association that has the first opportunity to purchase condominium real estate when it becomes available or the right to meet any other offer.

Condominium rules and regulation: Rules of a condominium association by which owners agree to abide.

Commitment letter / commitment: A formal offer by a lender stating the terms under which it agrees to lend money to a home buyer, at a future date, if all the stated conditions are met.

Common area assessments: Also referred to as Homeowners Association Fees, they are charges paid to the Homeowners Association by the owners of the individual units in a condominium or planned unit development (PUD) and are generally used to maintain the property and common areas.

Common areas: Those portions of a building, land, and amenities owned or managed by a planned unit development (PUD) or condominium project's homeowners' association (or a cooperative project's cooperative corporation) that are used by all of the unit owners, who share in the common expenses of their operation and maintenance. Common areas include swimming pools, tennis courts, and other recreational facilities, as well as common corridors of buildings, parking areas, means of ingress and egress, etc.

Common law: An unwritten body of law based on general custom in England and used to an extent in some states.

Community property: In some states, property acquired by a married couple during their marriage is considered to be owned jointly, except under special circumstances.

Comparables / comparable sales: Refers to the properties that were reviewed as part of a comparative market analysis. Comparables are typically recent sales of similar properties in nearby areas which are used to help determine the market value of a property. Also referred to as comps.

Comparative Market Analysis (CMA): A written report that reviews the prices of comparable homes that are currently on the market, that are currently under contract, and that have closed or sold in the past several months.

Conditional sales contract: A contract for the sale of a property in which transfer of title to the buyer is contingent on fulfillment of certain conditions or contingencies.

Conditions: Those items or issues as stated in the commitment letter which a lender requires must be met if they are to actually make or close the loan.

Construction loan: A short-term, interim loan for financing the cost of construction. The lender makes payments to the builder at periodic intervals as the work progresses.

Contingency: A condition that must be met before a contract is legally binding. For example, home purchasers often include a contingency that specifies that the contract is not binding until the purchaser obtains a satisfactory home inspection report from a qualified home inspector.

Continue to show: When a property is under contract with contingencies, but the seller requests that the property continue to be shown to prospective buyers until contingencies are released.

Contract: Generically, an oral or written agreement to do or not to do a certain thing. In real estate, a contract between a purchaser and a seller of real property to convey a title after certain conditions have been met and payment has been made.

Contract for deed: A sales contract in which the buyer takes possession of the property but the seller holds title until the loan is paid. Also known as an installment sale contract.

Contract of sale: An agreement between the third-party relocation company and the seller (transferee) whereby the third-party company purchases property owned by the seller.

Conventional mortgage: A type of mortgage that has certain limitations placed on it to meet secondary market guidelines. Mortgage companies, banks, and savings and loans underwrite conventional mortgages.

Convertible ARM: An adjustable-rate mortgage that allows the borrower to change the ARM to a fixed-rate mortgage within a specific time.

Cooperating commission: A commission offered to the buyer's agent brokerage for bringing a buyer to the selling brokerage's listing.

Cooperative (Co-op): Where the shareholders of the corporation are the inhabitants of the building. Each shareholder has the right to lease a specific unit. The difference between a co-op and a condo is in a co-op, one owns shares in a corporation; in a condo one owns the unit fee simple.

Cooperative (co-op): A type of multiple ownership in which the residents of a multiunit housing complex own shares in the cooperative corporation that owns the property, giving each resident the right to occupy a specific apartment or unit.

Cost of funds index (COFI)
One of the indexes that is used to determine interest rate changes for certain adjustable-rate mortgages. It represents the weighted-average cost of savings, borrowings, and advances of the financial institutions such as banks and savings and loans.

Corporate client: The company with whom the third-party relocation company has an agreement to handle the relocating employees.

Counteroffer: The response to an offer or a bid by the seller or buyer after the original offer or bid.

Credit: An agreement in which a borrower receives something of value in exchange for a promise to repay the lender at a later date.

Credit history: A record of an individual's repayment of debt which are reviewed by mortgage lenders as one of the underwriting criteria in determining credit risk.

Creditor: A person to whom money is owed.

Credit rating: A credit reporting agency's ranking of a persons credit worthiness or the way a person has repaid his/her debts. A lender uses an applicants history and rating to decided whether or not to make a loan.

Credit report: Includes all of the history for a borrower's credit accounts, outstanding debts, and payment timelines on past or current debts.

Credit reporting agency / credit repository: An organization that gathers, records, updates, and stores financial and public records information about the payment records of individuals who are being considered for credit. The credit reporting agencies in the U.S. are Equifax, TRW and Trans Union. Information may differ between these agencies.

Credit score: A score assigned to a borrower's credit report based on information contained therein.

Curb appeal: The visual impact a property projects from the street.

Days on market: The number of days a property has been on the market.

Debt: An amount owed to another.

Deed: The legal document that transfers the rights of ownership (the title) of a property from the seller to the buyer. The deed conveys title.

Deed-in-lieu: Short for deed in lieu of foreclosure, this conveys title to the lender when the borrower is in default and wants to avoid foreclosure. The lender may or may not cease foreclosure activities if a borrower asks to provide a deed-in-lieu. Regardless of whether the lender accepts the deed-in-lieu, the avoidance and non-repayment of debt will most likely show on a credit history. What a deed-in-lieu may prevent is having the documents preparatory to a foreclosure being recorded and become a matter of public record.

Decree: A judgment of the court that sets out the agreements and rights of the parties.

Desk fees: A fee charged by the real estate company or brokerage for the real estate agent to use a desk.

Deed of trust: An instrument used in some states in place of a mortgage. The borrower transfers the title to the property to a trustee who holds it in trust in favor of the lender. Deeds of trust are not used in Florida.

Default: Failure to make the mortgage payment within a specified period of time or to otherwise fail to comply with mortgage requirements.

Deficiency Judgment: A money judgment entered against a borrower for the amount which the borrower is liable on the note and mortgage if a foreclosure sale does not produce enough to pay the debt.

Delinquency: A loan in which a payment is overdue but not yet in default.

Delinquent: A loan payment that has not been received 30 days after its due date.

Deposit: A sum of money given in advance of a larger amount being expected in the future. In real estate, often called an earnest money deposit.

Depreciation: A decline in the value of property; the opposite of appreciation. Depreciation is also an accounting term which shows the declining monetary value of an asset and is used as an expense to reduce taxable income. Since this is not a true expense where money is actually paid, lenders will add back depreciation expense for self-employed borrowers and count it as income.

Destination services: Services provided to the transferee at the new location. They can include familiarization tours, temporary housing, school searches, and so on.

Direct home-selling costs (DHSC): Carrying costs, loss on sale, repairs and improvements, commission, closing costs, principal, interest, taxes and insurance, interest on equity loans, and utilities.

Disclosures: Federal, state, county, and local requirements of disclosure that the seller provides and the buyer acknowledges.

Discount points: In the mortgage industry, this term is usually used in reference to government loans, meaning FHA and VA loans. Discount points refer to any points paid in addition to the one percent loan origination fee. A point is one percent of the loan amount.

Disposable Income: The money that is left over after you have paid all your fixed and variable expenses.

Divorce: The legal separation of a husband and wife effected by a court decree that totally dissolves the marriage relationship.

DOM: Days on market.

Down payment: The part of the purchase price of a property that the buyer pays in cash and does not finance with a mortgage.

Due-on-sale provision: A provision in a mortgage that allows the lender to demand repayment in full if the borrower sells the property that serves as security for the mortgage.

Drive-by: When a buyer or seller agent or broker drives by a property listing or potential listing.

Earnest money deposit: A deposit made by the potential home buyer to show that he or she is serious about buying the house, generally made payable to a third party (not the seller) and held in escrow until closing.

Easement: The right to use the land of another for a specific purpose. It is created by or reserved in a written instrument. It is for the benefit of specific property (such as the right of one party to cross the land of another) or is in gross, such as an easement given to a public utility.

Effective age: An appraiser's estimate of the physical condition of a building. The actual age of a building may be shorter or longer than its effective age.

Egress: Usually part of the term “ingress and egress” ften used interchangeably with the word access. It means the right to come and go across the land of another.

Eminent domain: The right of a government to take private property for public use upon payment of its fair market value. Eminent domain is the basis for condemnation proceedings.

Encroachment: An improvement that intrudes illegally on another’s property.

Earnest money deposit: The money given to the seller at the time the offer is made as a sign of the buyer’s good faith.

E-mail: Electronic or Internet-based communication.

Encumbrance: Anything that affects or limits the fee simple title to a property, such as mortgages, leases, easements, or restrictions.

Equal Credit Opportunity Act (ECOA): A federal law that requires lenders and other creditors to make credit equally available without discrimination based on race, color, religion, national origin, age, sex, marital status, or receipt of income from public assistance programs.

Equity: A homeowner’s financial interest in a property. Equity is the difference between the fair market value of the property and the amount still owed on its mortgage and other liens.

Escrow / escrow account: An item of value, money, or documents deposited with a third party to be delivered upon the fulfillment of a condition. An escrow account is used to hold earnest money deposit until it is delivered to the seller when the transaction is closed. Once a property is purchased, you may have an escrow account with your lender. This means the amount you pay each month includes an amount above what would be required if you were only paying your principal and interest. The extra money is held in your escrow account for the payment of items like property taxes and homeowner’s insurance when they come due. The lender pays them with your money instead of you paying them yourself.

Escrow analysis: Lenders typically perform an annual escrow analysis to make sure they are collecting the correct amount of money for the anticipated expenditures.

Escrow disbursements / escrow payments: The use of escrow funds to pay real estate taxes, hazard insurance, mortgage insurance, and other property expenses as they become due.

Estate: The ownership interest of an individual in real property. The sum total of all the real property and personal property owned by an individual at time of death.

Eviction: The lawful expulsion of an occupant from real property.

Escrow account for real estate taxes and insurance: An account into which borrowers pay monthly prorations for real estate taxes and property insurance.

Examination of title: The report on the title of a property from the public records or an abstract of the title.

Executor: A person named in a will to administer an estate. The court appointed administrator if no executor is named. The term executrix may also be used to denote the feminine form.

Exclusive listing: A written contract that gives a licensed real estate agent the exclusive right to sell a property for a specified time.

Exchange/service account: A brokerage expense account that accrues charges for marketing.

Exclusions: Fixtures or personal property that are excluded from the contract or offer to purchase.

Expired (listing): A property listing that has expired per the terms of the listing agreement.

Fair Credit Opportunity (ECOA): A federal law that prohibits lenders from denying mortgages on the basis of a borrower's race, color, religion, national origin, age, sex, marital status or receipt of income from public assistance programs.

Fair Credit Reporting Act: A consumer protection law that regulates the disclosure of consumer credit reports by consumer/credit reporting agencies and establishes procedures for correcting mistakes on one's credit record.

Fair market value: The highest price that a buyer, willing but not compelled to buy, would pay, and the lowest a seller, willing but not compelled to sell, would accept.

Fannie Mae (FNMA): The Federal National Mortgage Association, which is a congressionally chartered, shareholder-owned company that is the nation's largest supplier of home mortgage funds.

Fannie Mae's Community Home Buyer's Program: An income-based community lending model, under which mortgage insurers and Fannie Mae offer flexible underwriting guidelines to increase a low- or moderate-income family's buying power and to decrease the total amount of cash needed to purchase a home. Borrowers who participate in this model are required to attend pre-purchase home-buyer education sessions.

Fax rider: A document that treats facsimile transmission as the same legal effect as the original document.

Federal Home Loan Mortgage Corporation (FHLMC): A quasi-government agency that purchases mortgages in the secondary mortgage market from insured depository institutions and HUD-approved mortgage bankers.

Federal Housing Administration (FHA): An agency of the U.S. Department of Housing and Urban Development (HUD). Its main activity is the insuring of residential mortgage loans made by private lenders. The FHA sets standards for construction and underwriting but does not lend money or plan or construct housing.

Fee simple: A form of property ownership where the owner has the right to use and dispose of property at will.

Fee simple estate: An unconditional, unlimited estate of inheritance that represents the greatest estate and most extensive interest in land that can be enjoyed. It is of perpetual duration. When the real estate is in a condominium project, the unit owner is the exclusive owner only of the air space within his or her portion of the building (the unit) and is an owner in common with respect to the land and other common portions of the property.

Feedback: The real estate sales agent and/or his or her client's reaction to a listing or property. Requested by the listing agent.

FHA mortgage: A mortgage that is insured by the Federal Housing Administration (FHA). Along with VA loans, an FHA loan will often be referred to as a government loan.

FHA: Federal Housing Administration.

FHA (Federal Housing Administration) Loan Guarantee: A guarantee by the FHA that a percentage of a loan will be underwritten by a mortgage company or banker.

Firm commitment: A lender's agreement to make a loan to a specific borrower on a specific property.

First mortgage: The mortgage that is in first place among any loans recorded against a property. The first mortgage has the first claim in the event of default.

Fixed expenses: Cash expenditures or outlays which remain the same from month to month. They generally take up the largest share of your budget and are not easily or quickly changed (examples: rent or mortgage, car payment, loan payments, insurance premiums). Not all fixed expenses, however, are monthly (insurance, for example). Despite that, they should be included in a budget.

Fixed-rate mortgage: A mortgage in which the interest rate does not change during the entire term of the loan.

Fixture: Personal property that has become part of the property through permanent attachment.

Flat fee: A predetermined amount of compensation received or paid for a specific service in a real estate transaction.

Floor duty or time: That a time, usually assigned, when a real estate sales agent answers telephones, e-mails, or walk-in requests for information on property.

Flood insurance: Insurance that compensates for physical property damage resulting from flooding. It is required for properties located in federally designated flood areas.

For sale by owner (FSBO): A property that is for sale by the owner of the property.

Forbearance: The lender's postponement of foreclosure to give the borrower time to catch up on overdue payments.

Foreclosure: The legal process by which a borrower in default under a mortgage is deprived of his or her interest in the mortgaged property. This usually involves a forced sale of the property at public auction with the proceeds of the sale being applied to the mortgage debt.

General lien: A lien or charge against all property of the debtor rather than against only specific property of the debtor. A final judgment is a general lien while ad valorem taxes and mortgages constitute specific liens.

Gift letter: A letter to a lender stating that a gift of cash has been made to the buyer(s) and that the person gifting the cash to the buyer is not expecting the gift to be repaid. The exact wording of the gift letter should be requested of the lender.

Good faith estimate: Under the Real Estate Settlement Procedures Act, within three days of an application submission, lenders are required to provide in writing to potential borrowers a good faith estimate of closing costs.

Government loan (mortgage): A mortgage that is insured by the Federal Housing Administration (FHA) or guaranteed by the Department of Veterans Affairs (VA) or the Rural Housing Service (RHS). Mortgages that are not government loans are classified as conventional loans.

Government National Mortgage Association (Ginnie Mae): A government-owned corporation within the U.S. Department of Housing and Urban Development (HUD). GNMA performs the same role as Fannie Mae and Freddie Mac in providing funds to lenders for making home loans. The difference is that Ginnie Mae provides funds for government loans (FHA and VA).

Gross closed commission income: The total amount of commission income a real estate sales agent or broker receives from closed transactions.

Gross sale price: The sale price before any concessions.

Graduated Payment Mortgage: A mortgage which requires increasingly higher payments over the loan term, but with the interest rate remaining constant. The payments are lower than necessary to amortize the loan in the beginning and higher later. Graduated payment mortgages are intended for people whose income is strongly expected to increase; such as a young physician, for example.

Grantee: The person to whom an interest in real property is conveyed.

Grantor: The person conveying an interest in real property.

Gross income: Your total on-going and verifiable income before any deductions are taken.

Guaranteed offer: The amount, after appraisals, the employer offers the transferring employee for his or her property.

Hazard insurance: A broad form of casualty insurance coverage that includes protection against loss from physical damage to a property such as fire, wind, vandalism, or other hazards.

Home Equity Conversion Mortgage (HECM): Usually referred to as a reverse mortgage, what makes this type of mortgage unique is that instead of making payments to a lender, the lender makes payments to you. It enables older home owners to convert the equity they have in their homes into cash, usually in the form of monthly payments. Unlike traditional home equity loans, a borrower does not qualify on the basis of income but on the value of his or her home. In addition, the loan does not have to be repaid until the borrower no longer occupies the property.

Home equity line of credit: A mortgage loan, usually in second position, that allows the borrower to obtain cash drawn against the equity of his home, up to a predetermined amount.

Home-finding assistance: Additional assistance provided by a third-party relocation company that can include information about the destination community.

Home inspection: A thorough inspection by a professional that evaluates the structural and mechanical condition of a property. A satisfactory home inspection is often included as a contingency by the purchaser.

Homeowners' association: A non-profit association that manages the common areas of a planned unit development (PUD) or condominium project. In a condominium project, it has no ownership interest in the common elements. In a PUD project, it holds title to the common elements.

Homeowner's insurance: An insurance policy that combines personal liability insurance, theft coverage, liability for property damage and hazard insurance coverage for a dwelling and its contents.

Homeowner's warranty: A type of insurance often purchased by homebuyers that will cover repairs to certain items, such as heating or air conditioning, should they break down within the coverage period.

Housing Finance Agency (HFA): State agencies which are responsible for the financing of housing and the administration of subsidized housing programs.

HUD: U.S. Department of Housing and Urban Development.

HUD/RESPA (Housing and Urban Development/Real Estate Settlement Procedures Act):A document and statement that details all of the monies paid out and received at a real estate property closing.

HUD median income: Median family income for a particular county or metropolitan statistical area (MSA), as estimated by the Department of Housing and Urban Development (HUD).

Hybrid adjustable rate: Offers a fixed rate the first 5 years and then adjusts annually for the next 25 years.

HUD-1 settlement statement: A document that provides an itemized listing of the funds that were paid at closing. Items that appear on the statement include real estate commissions, loan fees, points, and initial escrow (impound) amounts. Each type of expense goes on a specific numbered line on the sheet. The totals at the bottom of the HUD-1 statement define the seller's net proceeds and the buyer's net payment at closing. It is called a HUD1 because the form is printed by the Department of Housing and Urban Development (HUD). The HUD1 statement is also known as the closing statement or settlement sheet.

IDX: (Internet Data Exchange) Allows real estate brokers to advertise each other's listings posted to listing databases such as the multiple listing service.

Inclusions: Fixtures or personal property that are included in a contract or offer to purchase.

Independent contractor: A real estate sales agent who conducts real estate business through a broker. This agent does not receive salary or benefits from the broker.

Inputting: The process of entering new listings or changes to a current listing in the multiple listing services.

Inspection rider: Rider to purchase agreement between third-party relocation company and buyer of transferee's property stating that property is being sold "as is". All inspection reports conducted by the third party company are disclosed to the buyer and it is the buyer's duty to do his/her own inspections and tests.

Income:Money that you receive regularly for wages, fees, benefits, allowance payments or commission.

Impound Account: Also referred to as an escrow account. Refers to money held by the lender for the payment of taxes, insurance and where applicable, flood insurance and private mortgage insurance. The borrower pays a portion with each monthly payment. The lender pays the bills from the accumulated funds.

Installment debt: Accounts which have a specific term or length of time to pay, and a set monthly payment. A car payment or student loan are examples of installment debts.

Installment land contract: A contract in which the buyer takes possession of the property while the seller retains the title to the property until the loan is paid.

Interest: Fee charged for borrowing money.

Interest rate: Annual interest rate for this mortgage.

Interest rate float: The borrower decides to delay locking their interest rate on their loan. They can float their rate in expectation of the rate moving down. At the end of the float period they must lock a rate.

Interest rate lock: When the borrower and lender agree to lock a rate on loan. Can have terms and conditions attached to the lock.

Inventory: A transferee's property the third party relocation company has acquired.

Johnson v. Davis: The landmark 1985 Florida Supreme Court case that holds that where a seller of a home knows of facts materially affecting the value of the property which are not readily observable and are not known to the buyer, the seller is under a duty to disclose them to the buyer.

Joint Tenancy with Right of Survivorship: A form of real property ownership where two or more parties own equal interests. Upon the death of one of the parties, the entire interest passes to the surviving joint tenant(s) rather than to heirs of the deceased.

Judgment: A decision made by a court of law. In judgments that require the repayment of a debt, the court may place a lien against the debtor's real property as collateral for the judgment's creditor.

Judicial foreclosure: A type of foreclosure proceeding used in some states that is handled as a civil lawsuit and conducted entirely under the auspices of a court. Other states use non-judicial foreclosure.

Jumbo loan: A loan that exceeds Fannie Mae's and Freddie Mac's loan limits; also called a non-conforming loan. Freddie Mac and Fannie Mae loans are referred to as conforming loans.

Late charge: The penalty a borrower must pay when a payment is made after the stated due date.

Latent defect: A hidden defect, one that is not readily discoverable by mere observation. In the famous case of Johnson v. Davis, it was held that sellers and their real estate agents must disclose material latent defects concerning the property to prospective purchasers (or lessees).

Lease: A written agreement between the property owner and a tenant that stipulates the payment and conditions under which the tenant may possess the real estate for a specified period of time.

Leasehold estate: A way of holding title to a property wherein the mortgagor does not actually own the property but rather has a recorded long-term lease on it.

Lease option: An alternative financing option that allows home buyers to lease a home with an option to buy. Each month's rent payment may consist of not only the rent, but an additional amount which can be applied toward the down payment on an already specified price.

Legal description: A property description, recognized by law, that is sufficient to locate and identify the property without oral testimony.

Lender: A term which can refer to the institution making the loan or to the individual representing the firm. For example, loan officers, bankers and credit unions are all referred to as lenders.

Lessee: Tenant

Lessor: Landlord

Letter of explanation: A written statement which explains the reason(s) why any derogatory or negative credit action such as late payments, collections, judgments, charge-offs or bankruptcy have occurred over time.

Liabilities: A person's financial obligations. Liabilities include long-term and short-term debt, as well as any other amounts that are owed to others.

Liability insurance: Insurance coverage that offers protection against claims alleging that a property owner's negligence or inappropriate action resulted in bodily injury or property damage to another party. It is usually part of a homeowner's insurance policy.

Lien: A legal claim against a property that must be paid off when the property is sold. A mortgage or first trust deed is considered a lien.

Life cap: For an adjustable-rate mortgage (ARM), a limit on the amount that the interest rate can increase or decrease over the life of the mortgage.

Line of credit: An agreement by a commercial bank or other financial institution to extend credit up to a certain amount for a certain time to a specified borrower.

Liquid asset: A cash asset or an asset that is easily converted into cash.

List date: Actual date the property was listed with the current broker.

List price: The price of a property through a listing agreement.

Listing: Brokers written agreement to represent a seller and their property. Agents refer to their inventory of agreements with sellers as listings.

Listing agent: The real estate sales agent that is representing the sellers and their property, through a listing agreement.

Listing agreement: A document that establishes the real estate agent's agreement with the sellers to represent their property in the market.

Listing appointment: The time when a real estate sales agent meets with potential clients selling a property to secure a listing agreement.

Listing exclusion: A clause included in the listing agreement when the seller (transferee) lists his or her property with a broker.

Loan: An amount of money that is lent to a borrower who agrees to repay the amount plus interest.

Loan application: A document that buyers who are requesting a loan fill out and submit to their lender.