

KNOW WHAT THE AGENT IS TALKING ABOUT

The following glossary of real estate terms can be very beneficial!



ACCELERATION: Clause in a note or deed of trust which "accelerates" or hastens the time when the balance owed becomes due immediately upon the sale of the land or when the payment is overdue.

AMORTIZATION: The reduction of a loan by equal installment payments over a given period of time.

APPRECIATION: The increase in value such as the increase in value of real property.

ASSESSED VALUE: Value placed on the real property by County Tax Assessor for tax purposes only.

CLOSING COSTS: The costs to the buyer or seller (or both) for loan fees, escrow fees, title insurance policies and transfer of ownership charges.

CLOSE OF ESCROW: The final procedure in which documents are executed and recorded by the County Recorder.

CONDOMINIUM: A structure of 2 or more units. The interior space of which is individually owned, the balance of the property (including land and buildings) is owned in common by the owners of the individual units.

COOPERATIVE APARTMENT: Also called a co-op. A structure of 2 or more units in which the right to occupy a unit is obtained by the purchase of stock in the corporation which owns the building.

COUNTER OFFER: An offer (instead of acceptance) in response to an offer.

DEED: A written document by which the title to the land is conveyed from one entity to another. Commonly recorded at close of escrow.

DEED OF TRUST: A written document by which the title to the property is conveyed to a trustee as security for the repayment of a loan.

DEFAULT: Failure to fulfill a duty or promise, or discharge an obligation such as the nonpayment of installments.

DOCUMENTARY TRANSFER TAX: A county and city tax on the transfer of real property. The tax may attach whenever the consideration given in a transaction exceeds \$100, exclusive of remaining liens and encumbrances.

EARNEST MONEY: This is the deposit given to the real estate broker or given to the seller by the potential buyer to show that he is serious about buying the property. This money is applied toward the down payment, but in certain circumstances may be forfeited if the transaction does not go through.

EASEMENT: A right or interest in a property which entitles the holder to some use, privilege or benefit such as to place pole lines, pipe lines, or driveway, etc.

EQUITY: The total value of property less the liens against it.

EXCLUSIVE AGENT: The one and only real estate broker contracted to sell a property within a given period of time.

EXCLUSIVE LISTING: An exclusive right in favor of one real estate broker to sell a property within a specified period of time. If the seller sells the property himself within that period, he must pay the broker the regular commission.

FEE SIMPLE: An absolute ownership of land with unrestricted rights of disposing of same.

FORECLOSURE: A procedure to deprive a person of the right to redeem a mortgage when regular payments have not been kept up. A proceeding under a deed of trust with power of sale includes the public sale of the property to satisfy the obligation.

LIEN: A levy against a property for the payment of a debt.

LIQUIDATED DAMAGES: A definite amount of damages, set forth in a contract, to be paid by the party breaching the contract. A predetermined estate of actual damages from a breach.

MECHANIC'S LIEN: A lien created by a statute for the purpose of securing priority of payment for the price of value of work performed and materials furnished in construction or repair of improvements, which attaches to the land as well as the improvements.

MORTGAGE: A written document by which land is put up as security for the repayment of a loan.

MULTIPLE LISTING SERVICE: An association in which member brokers agree to share listings and sale commissions in relation thereto with other members.

OFFER: A written promise to buy property at a specific price and terms usually submitted on the Residential Purchase Agreement and Joint Escrow Instructions (and receipt for deposit). When the seller accepts the offer in writing, a contract is made, providing all essential terms are covered.

OPTION TO PURCHASE: The right to buy a property at a given price within a specific period of time.

PLANNED DEVELOPMENT PROJECT: It differs from a standard subdivision in that it has, in addition, areas owned and used in common with the other owners of separately owned lots.

POINTS: A one-time charge assessed by a lending institution at the time the loan is made.

PRELIMINARY TITLE REPORT: A report showing the condition of title before a sale or loan transaction. After completion of the transaction, a title insurance policy is issued.

REALTOR: A registered mark which identifies in real estate who subscribes to a strict Code of Ethics as a member of the National Association of Realtors.

SECOND DEED OF TRUST: When the loan secured by the first deed of trust and down payment do not add up to the purchase price, a second loan secured by a second deed of trust may be necessary. It usually carries a higher interest rate and runs for a shorter period of time.

SET BACK LINE: Established building line to regulate the distance from the property line at which buildings, structures or improvements may be built.

TITLE: A right to ownership of real property.

TITLE INSURANCE: Evidence of title guaranteed by the insurer in the form of a policy of title insurance. It protects buyers and lenders against loss sustained by reason of possible defects in the title of the property or due to unforeseen occurrences.

TOWNHOUSE: Originally a house in a city as opposed to a country estate. More recently the term is applied to certain types of row houses, whether planned unit developments or condominiums.



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