



GLOSSARY OF REAL ESTATE 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.

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

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.

Adjustable rate mortgage (ARM): A type of mortgage loan whose interest rate is tied to an economic index, which fluctuates with the market. Typical ARM periods are one, three, five, and seven years.

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

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.

Annual percentage rate (APR): The total costs (interest rate, closing costs, fees, and so on) that are part of a borrower's loan, expressed as a percentage rate of interest. The total costs are amortized over the term of the loan.

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.

Appointments: Those times or time periods an agent shows properties to clients.

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

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.

“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.

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.

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.

Balloon mortgage: A type of mortgage that is generally paid over a short period of time, but is amortized over a longer period of time. The borrower typically pays a combination of principal and interest. At the end of the loan term, the entire unpaid balance must be repaid.

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

Bill of sale: Transfers title to personal property in a transaction.

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

Broker: A state licensed individual who acts as the agent for the seller or buyer.

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.

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.

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

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

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.

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 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 declarations: A document that legally establishes a condominium.

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.

Contingency: A provision in a contract requiring certain acts to be completed before the contract is binding.

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 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.

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.

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

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.

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.

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.

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 amount of cash put toward a purchase by the borrower.

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

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

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.

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

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.

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

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

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

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.

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.

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

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.

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.

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

Hazard insurance: Insurance that covers losses to real estate from damages that might affect its value.

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

Homeowner's insurance: Coverage that includes personal liability and theft insurance in addition to hazard insurance.

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.

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

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.

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 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.

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.

Loan closing costs: The costs a lender charges to close a borrower's loan. These costs vary from lender to lender and from market to market.

Loan commitment: A written document telling the borrowers that the mortgage company has agreed to lend them a specific amount of money at a specific interest rate for a specific period of time. The loan commitment may also contain conditions upon which the loan commitment is based.

Loan package: The group of mortgage documents that the borrower's lender sends to the closing or escrow.

Loan processor: An administrative individual who is assigned to check, verify, and assemble all of the documents and the buyer's funds and the borrower's loan for closing.

Loan underwriter: One who underwrites a loan for another. Some lenders have investors underwrite a buyer's loan.

Lockbox: A tool that allows secure storage of property keys on the premises for agent use. A combo uses a rotating dial to gain access with a combination; a Supra® (electronic lockbox or ELB) features a keypad.

Managing broker: A person licensed by the state as a broker who is also the broker of record for a real estate sales office. This person manages the daily operations of a real estate sales office.

Market familiarization trip: A visit by the transferee to the new location to view housing market options and location highlights.

Marketing period: The period of time in which the transferee may market his or her property (typically 45, 60, or 90 days), as directed by the third-party company's contract with the employer.

Mortgage banker: One who lends the bank's funds to borrowers and brings lenders and borrowers together.

Mortgage broker: A business that or an individual who unites lenders and borrowers and processes mortgage applications.

Mortgage loan servicing company: A company that collects monthly mortgage payments from borrowers.

Multiple listing service (MLS): A service that compiles available properties for sale by member brokers.

Multiple Offers: More than one buyers broker present an offer on one property where the offers are negotiated at the same time.

NATIONAL ASSOCIATION OF REALTORS® (NAR): A national association comprised of real estate professionals.

Net sales price: Gross sales price, less concessions, to the buyers.

Niche: A special area or interest.

Off market: A property listing that has been removed from the sale inventory in a market. A property can be temporarily or permanently off market.

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

Office tour/caravan: A walking or driving tour by a real estate sales office of listings represented by agents in the office. Usually held on a set day and time.

Open house (public): When a listing that is on market is available to the public for viewings and showings.

Parcel identification number (PIN): A taxing authority's tracking number for a property.

Payoff letter: A written document from a seller's mortgage company stating the amount of money needed to pay the loan in full.

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

Personal assistant: A real estate sales agent administrative assistant.

Planned unit development (PUD): Mixed-use development that sets aside areas for residential use, commercial use, and public areas such as schools, parks, and so on.

Preapproval: A higher level of buyer/borrower prequalification required by a mortgage lender. Some preapprovals have conditions the borrower must meet.

Prepaid interest: Funds paid by the borrower at closing based on the number of days left in the month of closing.

Prepayment penalty: A fine imposed on the borrower by the lender when the loan is paid off before it comes due.

Prequalification: The mortgage company tells a buyer in advance of the formal mortgage application, how much money the borrower can afford to borrow. Some pre-qualifications have conditions that the borrower must meet.

Preview appointment: When a buyer's agent views a property alone to see if it meets his or her buyer's needs.

Pricing: When the potential seller's agent goes to the potential listing property to view it for marketing and pricing purposes.

Principal:The amount of money a buyer borrows.

Principal, interest, taxes, and insurance (PITI): The four parts that make up a borrower's monthly mortgage payment.

Private mortgage insurance (PMI):A special insurance paid by a borrower in monthly installments, typically of loans of more than 80 percent of the value of the property.

Professional designation: Additional nonlicensed real estate education completed by a real estate professional.

Professional regulation: A state licensing authority that oversees and disciplines licensees.

Promissory note: A promise-to-pay document used with a contract or an offer to purchase.

Property or home-finding assistance status reports: Reports filed weekly or monthly by the listing or buying agent representing the transferee.

R & I: Estimated and actual repair and improvement costs.

Real estate agent: An individual who is licensed by the state and who acts on behalf of his or her client, the buyer or seller. The real estate agent who does not have a broker's license must work for a licensed broker.

Real estate contract: A binding agreement between buyer and seller. It consists of an offer and an acceptance as well as consideration (i.e., money).

REALTOR®: A registered trademark of the NATIONAL ASSOCIATION OF REALTORS that can be used only by its members.

Release deed: A written document stating that a seller or buyer has satisfied his or her obligation on a debt. This document is usually recorded.

Relist: Property that was listed with another broker but relisted with a current broker.

Rider: A separate document that is attached to a document in some way. This is done so that an entire document does not need to be rewritten.

Salaried agent: A real estate sales agent or broker who receives all or part of his or her compensation in real estate sales in the form of a salary.

Sale price: The price paid for a listing or property.

Sales meetings: An informational meeting conducted by the managing broker held in the real estate sales office.

Sales volume: The total amount of all sales prices for all transactions completed by a real estate agent, broker, or real estate sales office.

Secondary market: An institutional investment market that purchases mortgages from mortgage lenders.

Seller (owner): The owner of a property who has signed a listing agreement or a potential listing agreement.

Showing: When a listing is shown to prospective buyers or the buyer's agent (preview).

Sign rider: An additional sign placed on a brokerage yard sign; it may include the agent's name, "open Sunday," "contract pending," "sold," the new price, and so on.

Special assessment: A special and additional charge to a unit in a condominium or cooperative. Also a special real estate tax for improvements that benefit a property.

State Association of REALTORS®: An association of Realtors® in a specific state.

Supra®: An electronic lockbox (ELB) that holds keys to a property. The user must have a Supra keypad to use the lockbox.

Temporarily off market (TOM): A listed property that is taken off the market due to illness, travel, repairs, and so on.

Temporary housing: Housing a transferee occupies until permanent housing is selected or becomes available.

Third-party company: A relocation company hired by an employee's employer to coordinate the employee's move to a new location.

Trailing spouse: The spouse or partner of the employee being moved to a new location by an employer.

Transaction: The real estate process from offer to closing or escrow.

Transaction fee: A fixed amount in addition to commission charged to sellers.

Transaction management fee (TMF): A fee charged by listing brokers to the seller as part of the listing agreement.

Transaction sides: The two sides of a transaction, sellers and buyers. The term used to record the number of transactions in which a real estate sales agent or broker was involved during a specific period.

Under contract: A property that has an accepted real estate contract between seller and buyer.

VA: U.S. Department of Veterans Affairs.

VA Loan Guarantee: A guarantee on a mortgage amount backed by the U.S. Department of Veterans Affairs.

Vacate date: The date on which the seller (transferee) vacates the property (generally the date when responsibility for property expense by the transferee ends) and the third-party company assumes ownership for the property through a buyout.

Virtual tour: An Internet web/cd-rom-based video presentation of a property.

Voice mail: A telephone message system where voice messages can be retrieved directly or from a remote location.

VOWs (Virtual Office Web sites): are an Internet based real estate brokerage business model that works with real estate consumers in same way as a brick and mortar real estate brokerage.

W-2: The Internal Revenue form issued by employer to employee to reflect compensation and deductions to compensation.

W-9: The Internal Revenue form requesting taxpayer identification number and certification.

Walk-through: A showing before closing or escrow that permits the buyers one final tour of the property they are purchasing.

Will: A document by which a person disposes of his or her property after death.

Work sheet (transaction): The real estate sales company form that records all information relevant to a transaction.