

## HOMEBUYER'S GLOSSARY

**Appraisal:** A written analysis of the estimated value of a property prepared by qualified appraiser.

**Buyer Agent:** Agent who acts solely on the buyer's behalf. The agent has full fiduciary responsibilities, which includes reasonable care, individual loyalty, confidentiality and full disclosure. This means the agent places the buyer's interest above all else.

**Closing:** A meeting at which a sale of a property is finalized by the buyer signing the mortgage documents paying closing cost and transfer of the deed to the property.

**Closing statement (HUD-1 Statement):** A detailed cash accounting of a real estate transaction showing all cash received, all charges and credits made and all cash paid out in the transaction.

**Competitive Market Analysis (CMA):** A comparison of the prices of recently sold homes that are similar to a listing seller's home in terms of location, style and amenities.

**Contingency:** A provision in a contract that requires a certain act to be done or a certain event to occur before the contract becomes binding.

**Counteroffer:** A new offer made in response to an offer received. It has the effect of rejecting the original offer, which cannot be accepted thereafter unless revived by the offeror.

**Deed:** A document which, when properly executed, conveys title of real property.

**Deed of trust:** An instrument used to create a mortgage lien by which the borrower conveys title to a trustee, who hold it as security for the benefit of the note holder (the lender).

**Disclosure:** To make known or public. By law, a seller of real property must disclose facts that affect the value or desirability of the property. Unless exempt, the seller completes and signs specific disclosure forms, including the Residential Property Disclosure Statement, to disclose those material facts.

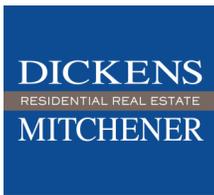
**Due Diligence:** The due diligence period in a home purchase contract is the time during which the buyer conducts any and all inspections of the home that she/he chooses.

**Earnest Money Deposit:** A deposit made by the potential homebuyer to show that he/she is serious about buying the house.

**Fixture:** An item of personal property that has been converted to real property by being permanently affixed.

**Foreclosure:** The legal process by which a mortgage lender (mortgagee) or other lien holder obtains a termination of a mortgage borrower (mortgagor)'s equitable right of redemption, either by court order or by operation of law (after following a specific statutory procedure).

**Home Inspection:** A thorough inspection that evaluates the structural and mechanical condition of a property.



## HOMEBUYER'S GLOSSARY CONTINUED

**Home Owners Association (HOA):** An organized group of homeowners whose members help to regulate and enforce the rules and standards of their respective communities.

**HVAC:** An acronym for heating, ventilation and air-conditioning.

**Loan-to-Value Ratio:** The relationship between the amount of the mortgage loan and the value of the real estate being pledged as collateral.

**Listing Agent:** The person(s) who represents the seller in the real estate transaction.

**Loan-to-Value Ratio:** The relationship between the amount of the mortgage loan and the value of the real estate being pledged as collateral.

**Market Value:** The most probable price property will bring in a arm's length transaction under normal conditions on the open market.

**Multiple Listing Service (MLS):** A marketing organization composed of member brokers who agree to share their listing agreements with one another in the hope of producing ready, willing and able buyers for their properties more quickly than they could on their own.

**Radon:** A naturally occurring inert and radioactive gas formed by the decaying chain of uranium in the earth. It is an odorless, colorless gas and hence, undetectable to the human sense. The particular hazardous chemical can only be detected by correct testing by a professional.

**Realtor®:** A written analysis of the estimated value of a property prepared by qualified appraiser.

**Recording:** The act of entering or recording documents affecting or conveying interest in real estate in the recorder's office established in each county. Until it is recorded, a deed or mortgage ordinarily is not effective against subsequent purchasers or mortgages.

**Short Sale:** A sale of real estate in which the proceeds from selling the property will fall short of the balance of debts secured by liens against the property and the property owner cannot afford to repay the lien's full amounts, whereby the lien holders agree to release their lien on the real estate and accept less than the amount owed on the debt.

**Survey:** A drawing or map showing the precise legal boundaries of a property, the location of improvements, easements, rights of way, encroachment and other physical features.

**Time is of the Essence:** A phrase in a contract that requires the performance of a certain act within a state period of time.

**Title Insurance:** A policy insuring the owner or mortgagee against loss by reason of defects in the title to a parcel real estate, other than encumbrances, defects and matters specially excluded by the policy.