

GETTING TO KNOW...

Real Estate Terms



ANNUAL PERCENTAGE RATE (APR)

The percentage of interest that will be charged on a home loan.

APPRAISAL

A report highlighting the estimated value of the property completed by a qualified 3rd party. This is typically done for the benefit of the buyer to ensure the property is worth what they are paying.

ASSOCIATION FEE/HOA FEE

In addition to a mortgage, certain housing communities such as townhomes have a monthly fee associated with maintaining the common areas and amenities.

CLOSING

This is the final meeting where the buyer and seller sign the necessary paper-work, complete the transaction, and release/take possession of the property. Usually, the representing agents and attorneys attend.

CLOSING COSTS

The buyer and seller have expenses associated with the transaction other than that of the actual cost of the home. For example, the buyer has a variety of fees due for obtaining a new loan and the seller must pay commission and transfer tax.

CLOSING DISCLOSURE

A form that provides the final details about the mortgage loan. It includes loan terms, projected monthly payments, and how much the closing costs will be.

COMMISSION

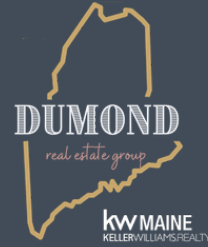
A percentage of the sales price of the home that is paid to agents.

COMPARABLES (COMPS)

Homes in the area of interest that have recently sold that have similar features.

GETTING TO KNOW...

Real Estate Terms



CONTINGENCIES

A contingency is a contractual condition that must be met before a home sale can go through

COUNTEROFFER

The response from the seller in regard to an offer.

DEBT TO INCOME RATIO

A lender will look at a borrower's debt versus income to determine the amount of loan they are eligible for and if they can repay their debt plus the home loan.

DOWN PAYMENT

A percent of the cost of the property that is paid upfront as a part of the mortgage.

EARNEST MONEY

The deposit made from the buyer to the seller when submitting an offer. The deposit is typically held in trust by a third party. Upon closing the money will generally be applied to the down payment or closing cost.

ESCROW

This term has multiple meanings; earnest money held by a third party until closing in "escrow." It can also be referred to as the time period from when the contract is written and accepted by the seller to when the home sale actually closes.

EQUITY

The difference in the market value of a home versus what is owed on the home.

FEDERAL HOUSING AUTHORITY (FHA)

Some mortgages are financed through a private lender and insured by the Federal Housing Administration, often requiring a lower down payment and income to qualify.

FIXED-RATE

The interest rate will remain the same for the entire life of the mortgage.

GETTING TO KNOW...

Real Estate Terms



HOME EQUITY LINE OF CREDIT (HELOC)

A loan or line of credit that is determined based on the equity or home's value after subtracting the loans owed.

HOME INSPECTION

The process in which a professional inspects the seller's home for issues that are not openly apparent, then creates a report for the buyer to review.

HOME WARRANTY

An annual service that covers the cost of repairs or replacements to items covered in the plan like stoves, washers, dryers, etc.

MORTGAGE INSPECTION

Insurance written in connection with a mortgage loan that protects the lender in the event the borrower cannot repay their loan. This is usually not required if the borrower has 20% or more for the down payment.

MORTGAGE NOTE

A promise to pay a sum of money at a standard interest rate during a specific term that is secured by a mortgage.

MULTIPLE LISTING SERVICE (MLS)

The state's list of real estate properties that are available for sale. These are the most reliable sources to receive up to date listing information.

PRE-APPROVAL

The process in which a buyer must provide a mortgage professional the appropriate information on income, debts, and assets that will be used to make the initial credit-only loan decision.

PRE-QUALIFICATION

Once approved for a loan, this is the process in which the maximum sale price, loan amount, and monthly payments are calculated for the borrower. This is not a loan approval however, it is useful to know prior to searching for a home.

PRINCIPAL

The underlying amount of the loan which is actually borrowed.

GETTING TO KNOW...

Real Estate Terms



PROPERTY TAXES

These are taxes that are collected by the city, town, county, and state government entities. These taxes are included in the total monthly mortgage payment and are held in escrow by the lender

REO

Real estate owned properties or foreclosed properties currently owned by a financial institution such as the bank that made the loan to the previous owner.

REVERSE MORTGAGE

This is specifically for seniors and it allows them to convert equity in their home to cash.

SHORT SALE

A situation when the seller's lender is willing to accept an offer and allows the sale to be completed for an amount less than the mortgage amount owed by the seller.

TITLE

A legal document proving current and proper ownership of the property. Also referred to as a Title Deed, this document highlights the history of property ownership and transfers.

UNDERWRITING

The process in which the potential homebuyer is evaluated for their financial ability to obtain and repay a loan. This normally consists of a credit check and appraisal of the property.

VA LOAN

Loans that are given to Americans who have served in the armed forces. They are administered by the Department of Veteran Affairs.

CONTACT US:



Alyssa Dumond
BROKER | REALTOR



50 Sewall Street, Portland, ME 04102



alyssadumond@kw.com



dumondgroup.kw.com



207.615.3515

**each office independently owned and operated*