

A *to* **Z**
of Real Estate



Presented by the
Denver Metro Association of REALTORS®

A

Above grade finished: The portion of a home that is above the ground, i.e. the liveable or finished square footage.

Active listings: The number of properties available for sale at the end of a reported period. The availability of homes for sale has a big impact on supply-demand dynamics and home prices.

Adjustable-rate mortgage (ARM): A mortgage loan with an interest rate that can change based on market fluctuations throughout the loan's lifetime.

Amenity: A feature of a property that makes it more valuable to potential buyers or tenants. Amenities can be public or property-specific. Location is one of the most important amenities for most residential buyers. Some examples include clubhouse, gym, hot tub, park, pool, sauna, etc.

Amortization: The process of gradually reducing mortgage loan debt over time by establishing scheduled monthly payments. The interest payment of an amortized loan will decrease as time goes on, while the principal payment will increase.

Apartment: Any residential unit inside a building such as a house, townhouse, large residential building or a condominium where owners sublet their units. What sets apartments apart is that they are rented units and not owned.

Appraisal: A licensed appraiser's opinion of a home's market value based on comparable recent sales of homes in the neighborhood. An appraisal is traditionally ordered on behalf of a buyer's lender in order to protect the interests of the lender.

Appraisal contingency: Protects the buyer and is used to ensure a property is valued at the price that is agreed on in the contract. If a property does not appraise for at least the specified amount, the contract can be terminated.

Appraisal gap coverage: The difference between the contract price which covers an agreed-upon difference between the purchase price and appraised value. This is often used to accommodate appraised values that aren't able to keep up with fair market value.

Appraisal Management Company (AMC): An independent entity through which mortgage lenders order residential real estate valuation services for properties on which they are considering extending loans to homebuyers.

Appraiser: A licensed individual who analyzes comparable sold properties to determine the fair market value of a property.

Area total: The total area square footage of a property.

As-is: A property that's listed for sale in its current state, meaning that any issues or problems with the home will not be addressed by the seller.

Assessed value: The value assigned to a property that is used to determine its property tax rate.

Attached home: A structure that shares a common wall or walls with another unit. Examples include; townhomes, condominiums, row houses, apartment buildings and high-rise residential towers.

B

Basement: The lowest story of a building - it might be partially or entirely below ground level and might be finished, unfinished or a mix of the two.

Bilevel (or bi-level): A one-story house much like a raised bungalow, but spun around 180 degrees. The front door opens onto a landing that leads both up stairs to the main floor or down stairs to the basement.

Blind offer: An offer made by a buyer who has not yet visited the property in-person.

Boiler: Circulates hot water or steam through some sort of radiator system to generate heat.

Buyer's agent: A REALTOR®, real estate agent or real estate broker who works on behalf of a buyer and guides them through the process of purchasing a home. A buyer's agent has a legal obligation to protect the interests of the buyer and to work to ensure they're getting the best deal possible.

C

Capitalization rate (or cap rate): A rate that helps in evaluating a real estate investment. The cap rate equals the net operating income divided by the current market value (i.e. sales price) of the asset. The cap rate shows the potential rate of return on the real estate investment.

Carport: A covered parking structure with open sides that protects the top of the car parked underneath it.

Cash reserves: Money that is set aside or saved by an individual or business to use in case of an emergency.

Closed listing: Real Estate is not considered to be “sold” until the actual transfer of the property has taken place and consideration has been paid. Once that has taken place, the property is “closed” and belongs to the new owner.

Closing (also referred to as completion or settlement): The final step in executing a real estate transaction, which includes finalizing mortgage agreements, paying applicable transaction fees and signing on the dotted line to close the deal.

Closing costs: The fees and charges due at the closing of a real estate transaction. Both the buyer and seller will incur expenses during the closing process. Closing costs typically include an application fee, inspection fees, homeowner’s insurance, property taxes and the agent commission for the seller’s portion of the transaction.

Coming Soon: A property that is not officially on the market, but is expected to be listed for sale.

Commercial lease: A leasing agreement that is specific to commercial real estate, which is any property used exclusively for business-related purposes or to provide a workspace rather than as a living space.

Commission: The payment made directly to a REALTOR®, real estate agent or real estate broker for the services they provide in the sale or purchase of a property. The commission is usually a percentage of the property’s selling price, although it can be a flat fee.

Comparable (or comp): A recently sold property is used to determine the value of a similar property. Comparables are often used to find the fair value of a home.

Comparative market analysis: A process used to determine the value of a home based on the sales prices of similar properties in the area.

Condominium (or condo): A large property complex divided into individual units and sold. Traditionally, condominiums or “condos” are located within buildings that primarily feature shared walls and feature two or more floors available for ownership.

Concession: A benefit or discount offered by the buyer or seller to help sell a home.

Contingency: A condition that must be met in order for a real estate contract to be finalized or closed.

Contract: A written and legally binding agreement between a buyer and seller outlining the details of a real estate transaction to change the ownership of a property.

Conventional sale: The sale that takes place when the property is owned outright (i.e. there is no mortgage remaining) or when the owner owes less on their mortgage than what the market indicates the owner could sell the property for.

Counteroffer: The original offer is rejected and replaced with another one. The counteroffer gives the original offerer three options: accept the counteroffer, reject it or make a new offer.

Covenants, Conditions & Restrictions (CC&Rs): A set of limits and rules established by a builder, developer, homeowners association or neighborhood association that govern residences in a particular neighborhood or condominium building.

Covered parking: A covered parking structure that can encapsulate multiple cars under a structure that protects the top of the car(s) parking underneath it. Covered parking traditionally defines a multi-level parking garage.

Curb appeal: The general attractiveness of a house or property from the sidewalk to a prospective buyer (i.e. the overall attractiveness of a property’s exterior).

D

Days in MLS (also referred to as Days on Market, or DOM): The number of days from the date on which a property is listed for sale on the local brokers' multiple-listing services (MLS) to the date when the seller has signed a contract for the sale of the property - basically it just measures how long it takes for a property to sell.

Debt-to-income ratio: All your monthly debt payments divided by your gross monthly income. This ratio is one way lenders measure your ability to manage the monthly payments to repay the money you plan to borrow.

Deed of trust (or trust deed): The recording instrument which is used to create a security interest for a real property wherein legal title for a real property is transferred to a trustee. This is important because it's used as security for a loan between buyer and seller.

Deeded parking: A parking space that is deeded to either a townhouse or condominium unit as detailed in the legal description. This space is traditionally transferred to a buyer as a component of the sale; however, the seller can retain the rights to the parking space as a provision of the sale to either be sold or leased outside of the sale.

Detached home (also called a single-family home): What the real estate industry refers to a single-family home that sits on its own lot without sharing any walls with another home or building as detached residences. Basically, this is your traditional stand-alone house or single-family home.

Down payment: The amount of money that a buyer pays upfront as part of a real estate transaction. It is typically a percentage of the total of the home's purchase price.

Down payment assistance: Assistance offered to a buyer (usually from a local or state housing authority, a nonprofit or a lender) that gives them the cash infusion needed as a down payment on a mortgage loan.

Due diligence: Basically, this refers to doing your homework before buying real estate. It refers to a buyer's investigation of the various aspects of a property, either before making an offer or (more often) within a specific time frame between entering into the contract and closing.

Duplex: A property where two living units are attached to each other, either next to each other as townhouses or condominiums, or above each other like apartments.

E

Earnest money: A deposit made to a seller that represents a buyer's good faith to buy a home. The money gives the buyer extra time to get financing and conduct the title search, property appraisal and inspections before closing.

Equity: A measure calculated by taking the market value of a property and deducting the amount that is still owed on the mortgage, if any.

Escrow: An arrangement in which a neutral third-party provider holds the funds associated with a real estate transaction until a specific condition is met. *Note: Colorado is a hard-money closing state meaning that any funds deposited as earnest money are applied to the down payments and all closing costs, deposits, credits, etc. are applied towards the final closing cost the day of closing.*

Exclusive right-to-sell: An agreement between a seller and a real estate broker or agent that gives them exclusive rights to sell and market your home.

Exclusive right-to-buy: Many agents ask prospective buyers to sign an exclusive right-to-buy agreement before the agent shows the buyer homes. A buyer who signs it promises not to work with other brokers.

Expired: An expired listing is a property that has not sold by the end of the period stipulated in the listing contract between the seller and the listing agent.

Estate: A property that is being sold by the executor of an estate for a homeowner that has passed and is no longer in ownership.

Exclusion: Items that are excluded from the sale of real property. These may include appliances, chandeliers, electronics, furniture and/or personal property.

F

Flipping: The process of selling a home shortly after purchase to turn a profit by making cosmetic updates and upgrades.

Foreclosure: A legal process that occurs when a property owner fails to uphold their mortgage agreement to make their scheduled payments. The mortgage lender will claim the property under foreclosure and will resell it as an attempt to recoup their losses.

FHA loan: A Federal Housing Administration (FHA) loan is a mortgage that is insured by the Federal Housing Administration (FHA) and issued by an FHA-approved lender. FHA loans are designed for low-to-moderate-income borrowers - they require a lower minimum down payment and lower credit scores than many conventional loans.

Fixed-rate mortgage: A home loan with an interest rate that stays the same throughout the loan's lifetime.

Fair market value (FMV): The benchmark of property value. It's the price a buyer is willing to pay for the property and what the seller is willing to accept. This occurs when neither party is desperate to make a sale and both are knowledgeable about the home's good and bad points.

For sale by owner (FSBO): A property listed for sale by the homeowner without the representation of a real estate agent or REALTOR®.

For sale by agent: A property listed for sale by an agent or REALTOR® who is listing their own property sale on the open market.

Fix-up /fixer: A property that requires repairs and updates to make it either liveable or up to modern standards for occupancy.

G

Garage: A closed, four-sided structure with a retractable door that houses a car, motorcycle or recreational vehicle.

Garden level (or garden level basement): A basement that is situated between a basement and first floor, so that people standing up inside it would find their heads at or around street level.

Great room: The heart of a home built with an open floor plan, where a single space contains the living room/family room as well as the dining room.

H

High-rise: A building that vertically rises seven or more stories.

Historical district: A protected area that falls under historical governance. Any exterior changes (such as additions, paint color, window replacements, etc.) made to a building that falls within a historical district requires prior approval.

Home warranty: A contract between a homeowner and a home warranty company that provides for discounted repair and replacement service on a home's major components, such as the furnace, HVAC, plumbing and electrical systems.

Homeowner's association (HOA): An organization in a subdivision, planned community or condominium building that makes and enforces rules for the property and its residents.

Homeowners association fee: A monthly due paid by homeowners living within an HOA community to help maintain all properties, amenities and common areas within the association.

Homeowners insurance: Insurance paid by homeowners to cover losses and damages to an individual's residence along with furnishings and other assets in the home. It also provides liability coverage against accidents in the home or on the property.

I

iBuyer: A real estate investment company that specializes in making quick cash offers on homes generally through an algorithm with a follow-up inspection after the initial offer is presented.

Inclusions: Any items specifically included with the purchase of a property. These items are removable within a house but are those which the seller is willing to leave behind as part of the sale. Examples include appliances, lighting fixtures and window blinds.

Inspection: An examination of the condition of a property. Traditionally, a buyer will hire a third-party inspector to complete the inspection analysis.

Interest (or interest rate): The profit a mortgage lender makes in exchange for the loan. It is quantified as a percentage.

Irrigated lot: A property that includes irrigation rights to a well or other water source.

Irrigation well: A well that is located within the lot of a property that services the irrigation on a property such as a sprinkler.

K

Kick-out clause (also referred to as the right of first refusal): Gives sellers the ability to continue marketing a house in the event that they receive an offer with contingencies or conditions that must be met. One of the most common contingencies is that the buyers must sell their current home. A kick-out clause allows the seller to “kick out” a buyer with contingencies (after a certain time period) if a better offer comes around. *Note: These are rare but they do apply within Colorado neighborhoods. Talk with your REALTOR® before submitting an offer to verify the property you have identified is, or is not, part of a “kick out” clause.*

L

Landscape: The visual additions added to the grounds of a property for aesthetic purposes including ornamental features along with the planting of trees, shrubs, flowering plants, fruits and vegetables.

Lease: A contract outlining the terms under which one party agrees to rent property owned by another party. It guarantees the lessee (i.e. the tenant) use of an asset and guarantees the lessor (i.e. the property owner or landlord) regular payments for a specified period in exchange.

Lien: A right to keep possession of a property belonging to another person until a debt owed by that person is discharged either from a mortgage or a lien placed on a property for work/updates performed that have not been paid in full.

Listing: A property that is up for sale on the open market via the local multiple listing service (MLS).

Listing agent (also called a seller's agent): A real estate agent or REALTOR® who operates on behalf of the property owner to help them sell their property.

Listing agreement: A legally binding contract that allows a real estate agent or REALTOR® to sell a property on behalf of the property owner.

Loan: The amount a buyer is able to borrow from a bank, private lender or third-party lender for market interest rates to purchase a property available for sale.

M

Manufactured home: You might have heard people call these “mobile homes” but these are now known as manufactured homes, which are homes that are constructed primarily or entirely off-site at factories and then assembled on site.

Master-planned community: A large-scale residential neighborhood with a large number of recreational and commercial amenities, such as golf courses, tennis courts, lakes, parks, playgrounds, swimming pools and even stores and restaurants.

Mid-rise building: A building that has five to 12 floors.

Model home (also called a show home): A term for a “display” version of a manufactured house in a subdivision. Model homes are used on newly built developments to show the living space and features of homes available.

Months of inventory (MOI): A measure of how balanced the market is between buyers and sellers. It is expressed as the number of months it would hypothetically take to sell through all the available homes for sale currently, given current levels of home sales. A balanced market ranges from four to six months of supply. A buyer's market has a higher number, reflecting fewer buyers relative to homes for sale. A seller's market has a lower number, reflecting more buyers relative to homes for sale.

Mortgage: A long-term loan given by a lender to finance a real estate property. The property is used as collateral in exchange for the money that is borrowed.

Mortgage broker: A mortgage broker is a middle-man between borrowers and mortgage lenders who shops around to find the best rate and fees for the borrower.

Mortgage insurance: An insurance policy that protects a mortgage lender or titleholder if the borrower defaults on payments, passes away or is otherwise unable to meet the contractual obligations of the mortgage.

Mudroom: A small room or entryway where footwear and outerwear can be removed before entering a house.

Multi-family property: Any residential building in which more than one family lives.

Multiple listing service (MLS): A collaborative digital marketplace where home sellers - through their agents - present their homes for sale to other agents who work with buyers of those homes. The MLS provides accurate, up-to-date information about the status of local listings for agents.

N

Net operating income (NOI): A value that determines how much profit a real estate property generates.

New listings: The number of properties that became available during a reported period.

O

Offer: A document that sets out the basic proposed terms and conditions between the buyer and the seller in a real estate transaction.

Off-street parking: Parking your vehicle anywhere but on the streets. Off-street parking can be both indoors and outdoor and includes private lots, garages and driveways.

Open house: A time when a seller opens their home so that potential buyers can view it.

Open listing: A situation in which a property owner chooses to sell their home on their own. There is no exclusive agreement, which means they can have listings with multiple agents.

Open space: Any open piece of land that is undeveloped and is accessible to the public.

P

Partial basement: A full basement refers to a basement that has the same dimensions of width and length as the dwelling above it, while a partial basement is typically smaller.

Patio home (also called a cluster home): A house that is attached to other homes, usually with shared walls between houses and exterior landscaping and maintenance provided via an association fee. Instead of having a typical patio, patio homes will sometimes have concrete slabs or decks, giving a faux-patio mood to the area.

Pending: A pending sale status means the seller has accepted an offer from a hopeful buyer, but the deal hasn't closed yet.

Personal property: Property that is movable. This is basically any asset other than real estate.

Pocket listing: A property that is up for sale but hasn't been made publicly available to other agents or buyers.

Pre-approval letter (also called a pre-qualification letter): A document from a lender stating that the lender is tentatively willing to lend to you, up to a certain loan amount.

Pre-approved: A homebuyer status that indicates the buyer's documents have been reviewed and they have been approved for a determined amount of money for their loan.

Preliminary report: A report prepared by a title insurance company prior to issuing a policy to ensure everything that needs attention is attended to.

Pre-qualified: A homebuyer status that indicates they have qualified for a loan of undetermined value, and still requires documentation review and approval from the lender.

Principal: The total amount borrowed in a mortgage loan.

Private mortgage insurance (PMI): An insurance policy that requires payment of additional premiums that protect the lender in case the borrower goes into default.

Probate sale: This means that the homeowner died without a will bequeathing the house to an heir. In most cases, an estate attorney or representative has to sell the property in order to liquidate the asset and distribute the money to family members.

Proof of funds (POF): A document(s) that demonstrate a buyer has the ability and funds available for a specific transaction.

Property tax: The tax paid on a property owned by an individual or other legal entity, such as a corporation.

Purchase and sale agreement (PSA): The document received after mutual acceptance on an offer, which states the final sale price and all terms of the purchase.



Quadruplex (or 4-plex): A residential unit with four private units that can each accommodate a separate individual or family.



Real estate owned properties (REO): Homes that have been foreclosed on or have fallen under the ownership of a mortgage lender or investor.

REALTOR®: an individual who is a member of the National Association of REALTORS®, a trade association for real estate professionals. By becoming a member, REALTORS® agree to abide by a strict Code of Ethics.

Refinancing: The process of replacing a current mortgage loan with a new one under different terms and conditions. The goal is to get a better interest rate on the new loan.

Relocation (or relo): A relocation sale is where the property owner has been or is being relocated by the company or business that they are working for.

Reverse mortgage: A loan that allows the borrower to relinquish home equity in exchange for money. This type of loan is only available to homeowners that are 62 and older.

S

Seller disclosure: A set of documents completed by the seller of a home, listing any known issues with the property and any remodel projects completed during the time they owned the home.

Short sale: A property that is sold for less than the amount that is owed on the mortgage.

Split-level (also called a tri-level): A split-level house is different from a traditional home layout because it has multiple floors that are connected by short flights of stairs. Split-level houses have at least three levels connected by stairs.

Staging: The process of organizing the interior of a home to be more attractive to prospective buyers.

T

Title insurance: A type of insurance that protects the buyer and lender in case the seller does not have full lawful ownership of the property.

Title search: The process of searching through public records to ensure that the seller of a property has lawful ownership of it. A title search can uncover possible deficiencies or defects in ownership that could greatly impact a real estate transaction.

U

USDA loan: A government-backed mortgage loan available to US residents that live in rural areas.

V

VA loan: A federal mortgage loan designated for veterans of the United States Armed Forces.

W

Withdrawn: When a home seller decides they no longer want to sell their home, so they ask their real estate agent to “withdraw” the listing so it’s no longer active on the multiple listing service (MLS).

Z

Zillow’s Zestimate: Zillow’s estimate of a home’s value. It’s important to know that Zestimates are not the same as an appraisal and they are not always accurate. According to Zillow, Zestimates are within 20 percent of the final sale price 82.5 percent of the time. This means that a Zestimate could be 20 percent higher or lower than a home’s actual value.

Zoning: There are three primary types of zoning: residential, commercial and industrial. Based on zoning codes, only certain types of buildings or land usages will be allowed on a lot.