

Real Estate Terms & Definitions

A Helpful Guide for Buyers, Sellers & Seniors

Understanding the language of real estate helps you make confident, informed decisions. Below are some of the most commonly used terms — explained in simple, everyday language.



For Buyers

Appraisal

A professional estimate of a home's value ordered by the lender to confirm the property is worth the purchase price.

Due Diligence

The period of time after a contract is accepted when the buyer investigates the property — including inspections, reviewing disclosures, and confirming financing.

Earnest Money

A deposit showing the buyer is serious about purchasing the home. It is typically applied toward closing costs or the purchase price.

Escrow

A neutral third party holds funds and documents until all terms of the contract are satisfied.

Home Inspection

A professional evaluation of a property's condition to identify potential repairs or concerns.

Pre-Approval

A lender's written estimate of how much a buyer qualifies to borrow based on income, credit, and financial history.

Contingency

A condition written into the contract that must be met for the sale to proceed (for example: financing, inspection, or appraisal).

Closing Costs

Fees paid at the final signing, which may include lender fees, title insurance, taxes, and recording charges.



For Sellers

Comparative Market Analysis (CMA)

A report prepared by a real estate professional comparing your home to recently sold properties to determine a competitive listing price.

Equity

The difference between your home's current market value and the amount you still owe on your mortgage.

Listing Agreement

A contract between a homeowner and a real estate agent granting permission to market and sell the property.

Under Contract

A property with an accepted offer that has not yet officially closed.

Net Proceeds

The amount a seller receives after paying off the mortgage balance, commissions, and closing costs.

Capital Gains Tax

Tax paid on the profit from selling a property, if applicable.



Investment & Financial Terms

1031 Exchange

A tax strategy that allows an investor to sell one investment property and reinvest the proceeds into another "like-kind" property while deferring capital gains taxes. Strict IRS timelines and rules apply.

Debt-to-Income Ratio (DTI)

A lender calculation comparing monthly debt payments to monthly income to determine loan qualification.

Title Insurance

Insurance that protects against ownership disputes or claims against the property.

Senior-Specific Real Estate Terms

A Helpful Resource for Later-Life Transitions

As a Senior Real Estate Specialist (SRES), I understand that real estate decisions later in life often involve unique considerations. Here are a few terms that may be especially helpful:

Downsizing

Moving to a smaller home that better fits current lifestyle needs, maintenance preferences, or budget goals.

Aging in Place

Remaining in your current home safely and comfortably as you grow older, often with modifications for accessibility.

Life Estate

A legal arrangement allowing someone to live in a home for the remainder of their life, even though ownership may transfer to another party.

Power of Attorney (POA)

A legal document granting someone authority to make financial or real estate decisions on another person's behalf.

Step-Up in Basis

A tax adjustment that may reduce capital gains taxes when property is inherited.

Transitional Planning

Coordinating housing, healthcare needs, finances, and family discussions when moving to a different level of care or living arrangement.

Estate Sale

The sale of personal belongings, often used to help simplify or prepare a home for sale.

My Commitment

Real estate is more than contracts and closing dates — it's about people, transitions, and making wise decisions for the future. Whether you are buying your first home, selling a longtime residence, investing, or planning a later-life transition, I am here to guide you with clarity, patience, and care.

If you ever have questions about any of these terms — or anything else — I'm just a phone call away.

