

New Real Estate Agent Guide:

Common Terms and Acronyms

As a new real estate agent you will hear many different terms being used. Review and keep this resource handy. It will help you become a more confident, knowledgeable agent that your clients will come to rely on.

[Types of Agents]

Buyer's Agent

Exclusively represents the buyer, assisting them in setting up homes to visit, helping in price negotiations and connecting them with other professionals such as home inspectors and mortgage brokers.

Seller's Agent

Represents the seller, offering suggestions on how to show the home, including staging, marketing the property and negotiating the sale price.

Dual Agent

Represents both buyer and seller. This is not allowed in some states so be sure to check your local regulations.

Listing Agent

A real estate agent who represents a home seller.

Real Estate Agent

Someone who has a professional real estate license to help people buy, sell or rent all sorts of housing and real estate.

Real Estate Broker

Someone who has taken education beyond the agent level as required by state laws and passed a broker's license exam.

REALTOR®

A licensed agent with the ability to use that widely respected title — an agent needs to be a member of the National Association of REALTORS®.

[Resources for Agents]

Customer Relationship Management (CRM)

A system or software program that helps to organize customers' records and track interactions with them.

Farm

A prospecting strategy that agents use to grow and nurture future business in a specific area or market demographic.

Multiple Listing Services (MLS)

Private databases that are created, maintained and paid for by real estate professionals to help their clients buy and sell property.

Real Estate Sphere of Influence

The connections in an agent's network.

[Financial Terms]

Adjustable-Rate Mortgages (ARM)

Mortgages that have interest rates which change periodically, depending on interest rates.

Appraisal

Estimated value of a piece of real estate.

Assessed Value

Calculation of the home's value based on comparable homes in the area.

Balloon Mortgage

A mortgage paid in one lump sum.

Bridge Loan

A short-term loan a homeowner takes out to finance a property before their standard mortgage is approved.

Commission

A percent of the sale of a home that is paid by the seller. It is split between the buyer's agent and the seller's agent.

Contingency

An event or stipulation that must be met before a sale goes through.

Debt-to-Income Ratio

The homebuyer's monthly debts divided by monthly gross income. Lenders use this percentage to help determine the ability to repay a potential loan.

Down Payment

The amount paid by the homebuyer to the lender during the closing.

Earnest Money Deposit

Monies that are deposited into an escrow account to show good faith towards a purchase.

Equity

The investment one has in a home.

Escrow

This is when money (typically the earnest money or down payment) is held by a third party prior to the closing.

Fixed-Rate Mortgages

Interest rates that remain the same throughout the entire span of the loan.

Foreclosure

When a property owner cannot make mortgage payments on their home. Their mortgage holder will then repossess the home.

[Financial Terms]

For Sale By Owner (FSBO)

When a seller does not use an agent for the sale.

Homeowners Association (HOA)

A group that oversees maintenance, infrastructure improvements and overall upkeep of a property, such as a condominium complex. Buyers must agree to pay funds towards these costs as part of the purchase agreement.

Jumbo Loan

A home loan for an amount that exceeds the conforming loan limit set on mortgages eligible for purchase.

Lien

A debt on an unpurchased piece of property. These must be settled before a sale can be finalized.

PITI (Principal, Interest, Taxes and Insurance)

The four basic elements of a monthly mortgage payment.

Pre-Approval

During this process, a lender will do a more thorough review of the buyer's finances to see how much of a mortgage they qualify for. This estimate shows sellers they are able to afford the house they are selling.

Pre-Qualified

During this process, financial information from the buyer is provided to the lender, who will then give an estimate of how much of a mortgage the buyers may qualify for when buying a home.

Principal

The amount of money owned on a loan.

Short Sale

When a homeowner sells their property for less than what's owed on the mortgage.

[Steps in Buying and Selling Cycle]

As-Is

The home will be sold without the seller doing any repairs or sign a seller's disclosure.

Buyer's Agreement

The written contract that creates a working relationship between the real estate agent and potential home buyer.

Closing

When the sale is finalized, and all paperwork transferring the ownership of the home from the seller to the buyer is done.

Closing Costs

The final expenses during a home sale. It includes such things as loan fees, attorney fees and insurance among others. These costs are detailed in a Closing Disclosure that is drafted by a real estate attorney before the actual closing.

Comparative Market Analysis (CMA)

Provides an estimate of a property's value based on comparable properties that have sold in the area. The seller's agent will do this before the home goes on the market to help the seller determine a sale price.

Deed

The legal document that transfers a property's title from the seller to the buyer.

Easement

An agreement that allows a person, company or other entity access to a portion of land that is owned by someone else.

Home Inspection

The process done by a professional who assesses the actual condition of the home prior to the sale. The inspector then provides a report to the potential buyer on anything that may raise red flags. The buyer can then negotiate with the seller for those issues to be taken care of if the buyer desires to do so.

Listing Agreement

A contract that grants an agent the authority to sell an owner's property on their behalf.

Natural Hazards Disclosure

A report that discloses if a property is located in an area that has a higher risk of natural hazards, such as floods, earthquake fault zones, or land deemed a fire hazard.

Residential Purchase Agreement (RPA)

A document that is created after the buyer and seller mutually agree on the price and terms of the sale of the home. This is sometimes called a purchase and sale agreement or residential purchase agreement, depending on the state.

Real Estate Appraisal

A process done by a professional to assess the value of the home. Lenders require this prior to loan approval to ensure the price of the home is at market value.

Seller's Disclosure

A document that outlines major work done on a property (such as a new roof) and any negative information about the property, such as water damage, malfunctioning electrical systems and infestations. The disclosure is due to the buyer at least three days prior to the closing.

Title Search Examiner

A professional who reviews all public records associated with a home's history, including previous purchases, sales, taxes and liens. The title is a document that states the property is clear of all past due taxes, liens and property disputes.

Knowing and understanding these terms is just one part of being a successful agent. Invest in yourself and your career by signing up for a Buffini & Company training program. Visit buffiniandcompany.com to learn more about how to become the best version you can be.