

# Buyer Resource Guide

## Real Estate Terms You Should Know



### Buyer Resource Guides

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### Get Familiar With Commonly Used Terms In The Real Estate Industry . . .

If you are involved in buying or selling real estate. Or, just for your general knowledge. There are numerous terms, commonly used jargon, in the real estate industry that make up a peculiar language all its own, which would be beneficial for you to learn. This jargon isn't difficult to master, but there is real danger of hearing and using words you don't fully understand.

Following are some basic terms that are often misunderstood:

#### **MLS—Multiple Listing Service**

An organization that collects, compiles, and distributes information about properties listed for sale by its members, who are real estate brokers. Membership isn't open to the general public, although selected MLS data may be sold to real estate listing websites. MLS's can be local or regional. There is no "one" MLS covering the entire nation.

#### **PITI**

Principle, interest, taxes and insurance (PITI) are the four components of a monthly mortgage payment. Principal refers to the part of the monthly payment that reduces the remaining balance of the mortgage. Interest is the fee charged for borrowing the money. Taxes and insurance refer to the amounts that are paid into an escrow account each month for property taxes and mortgage and hazard insurance.

#### **CMA**

Comparative Market Analysis. A CMA is a report that shows prices of properties that are comparable to a subject property and that were recently sold, are currently on the market or were on the market, but not sold within the listing period.

#### **Closing Costs**

The entire package of miscellaneous expenses paid by the buyer and seller when the transaction closes. These costs include the brokerage commission, mortgage-related fees, escrow or attorney's charges, recording fees, title insurance, etc. Closing costs generally are paid through escrow.

#### **Contingency**

provision of an agreement that keeps the agreement from being fully legally binding until a certain condition is met. One common example is a buyer's contractual right to obtain a professional home inspection before purchasing the home.

#### **Title Insurance**

An insurance policy that protects a lender's or owner's interest in real property from assorted types of unexpected or fraudulent claims of ownership. It's customary for the buyer to pay for the lender's title insurance policy.



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