

Abstract of Title: A condensed historical summary of the ownership of a piece of property showing all recorded documents that affect the land including transfers of ownership and any right that persons other than the owner might have in the land.

Abstract Property: All property which has not been brought into the registered (Torrens) land system, and of which evidence of ownership is determined by examining an Abstract of Title.

Addenda: Separate writings that become part of the purchase agreement.

Appraisal: The estimate of value made by an impartial expert.

Amortization chart: A chart that breaks out the principal and interest you pay on a loan each year, over the term of the loan.

Arbitration: The process in which a dispute is decided by an arbitrator, whose decision is binding.

Assessments: City taxes homeowners must pay periodically when the city decides to make improvements to city property.

Assumable: Describes a loan that a buyer can arrange to take over from the seller.

Bill of Sale: A written agreement by which one person transfers his or her personal property to another person.

Broker: A person or entity licensed to represent buyers or sellers in the purchase or sale of real estate.

Certificate of Title: A certificate maintained by a county Registrar of Titles that shows ownership of non-abstract real property.

Closing: The meeting for the sale of property at which the transfer is finalized.

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GLOSSARY OF REAL ESTATE TERMS



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Closing costs: Costs involved in transferring ownership of a home.

Closing Statement: An accounting of funds to the buyer and the seller at a closing. (Also called a settlement statement or “HUD-1”).

Commitment letter: The letter your lender may send you stating that your loan is approved and describing the terms of the loan.

Condominium: Individual ownership of separate parts of a building plus joint ownership of the common elements.

Construction loan: A loan where money is advanced as construction takes place.

Contingency: A future event or action which must occur before the purchase agreement is valid.

Contract: A legally enforceable agreement to do or not to do a certain thing.

Contract for Deed: A contract that allows a buyer to take possession of property in exchange for monthly payment until the balance is paid off. The seller keep legal title to the property until the final payment is made, at which time the seller conveys the land to the buyer.

Conventional loan: Home loans not backed by the government.

Credit score: The rating a credit reporting agency gives you based upon your credit report.

Counter-offer: An offer made in response to an offer.

Deferred Special Assessment: A special assessment which has been levied but collection of which has been delayed.

Dual Agency: Representation of two or more parties in a transaction by the same real estate agent or broker.

Earnest Money: Money paid by a buyer to show the buyer's good faith in making an offer to purchase property.

Escrow: The delivery, often of money, into the hands of a third person until the happening of a contingency or performance of an agreed condition. Money for taxes and insurance are commonly paid into an escrow account of a bank by the borrower.

Equity: The portion of the home's value that you own, free and clear of any mortgage or lien.

FSBO: For sale by owner (pronounced “fizbo”).

Homestead Tax: Property taxes paid by live-in property owners.

HUD-1: A settlement statement listing all the closing costs. Federal law requires that this statement be made available to the buyer one business day before the closing.

Listing Agreement: A written agreement allowing a real estate agent to sell a home-owner's property.

Loan Origination Fee: The fee you pay a lender for handling your loan application.

Maintenance Fees: Fees paid by a property owner's association for upkeep of common elements.

Mortgage: The pledge of real estate as collateral in exchange for a loan.

Mortgage Discount Points: Prepaid interest of a loan; one mortgage discount point equals 1% of the total mortgage loan.

Mortgagee: One who takes legal title or a lien to a piece of property to secure payment of the mortgage. In a real estate transaction, this would be the lending institution.

Mortgagor: One who gives legal title or a lien to the mortgagee to secure the mortgage loan. In a real estate transaction, this would be the borrower or the person purchasing the property.

Note: A written promise to repay a debt.

Plat drawing: A drawing showing the locating of the buildings and the lot line, as well as any easements and rights of way.

Purchase Agreement: A contract for the purchase and sale of real estate.

Quit Claim Deed: A deed that transfers to the buyer the rights of the seller in the land without promising that the seller has full title or that there are no liens against the land.

Special Assessment: Costs charged against property for public improvements that benefit the property.

Survey: A mapping of land boundaries and improvements and easements on real property.

Title Insurance: An insurance policy purchased for protection against most title defects.

Title Opinion: A lawyer's written statement of the current condition of title for a parcel of land.

Torrens: A state-sponsored method of registering and maintaining land titles.

Warranty Deed: A deed in which the seller promises that the title to the land is good and complete.