

## A QUICK GUIDE TO REAL ESTATE TERMS

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### **Appraiser**

The person who decides the market value of a home based on its condition and the selling prices of comparable homes recently sold in the area. His or her job is to compute a fair estimate of market value to help the lender decide a reasonable loan amount.

### **Assessor**

A public official who appraises property for tax purposes, determining the assessed value, not the tax rate.

### **Closing**

The conclusion of a real estate transaction, which includes delivery of a deed, financial adjustments, signing of notes and disbursement of funds necessary to the sale or loan.

### **Contingency**

A condition that must be met before a contract is binding. For example, the sale of a home might be contingent upon the seller paying for certain repairs.

### **Conventional Loan**

A loan made with real estate as security and not involving government participation in the form of insuring (FHA) or guaranteeing (VA) the loan.

### **Fixed-Rate Loan**

A loan with the same rate of interest for the life of the loan.

### **Homeowner's Policy**

A multiple peril insurance policy commonly called a package policy. Available to owners of private homes, it covers the dwelling and contents in case of theft or fire or wind damage, as well as liability for property damage and personal liability.

### **Impact Fees**

A municipal assessment against new residential, industrial or commercial development projects to compensate for the added costs of public services generated by new construction.

### **Interest Rate Cap**

The maximum interest rate charge allowed on an adjustable-rate loan for any one adjustment period during the life of the loan.

### **Open Mortgage**

A mortgage that may be repaid in full at any time over the life of the loan without a prepayment penalty.

### **Point**

A dollar amount paid to a lender for making a loan. A point is one percent of the loan amount. Also called discount points.

### **Title**

Documentary evidence of the right to or ownership of property, which in real estate is the deed. Title may be acquired through purchase, inheritance, gift or exchange, as well as through foreclosure of a mortgage.

## Agency Terms:

### **Seller's Agent**

A Seller's Agent is hired by and represents the best interests of the seller. The relationship usually is created by a listing agreement.

### **Buyer's Agent**

This type of licensee is hired by prospective buyers to represent them in a real estate transaction. The buyer's agent works in the buyer's best interest throughout the transaction. The buyers can pay the licensee directly through a negotiated fee, or the buyer's agent may be paid by the seller or by a commission split with the listing broker.

### **Designated Agent**

This is a brokerage practice that allows the managing broker to designate which licensees in the brokerage will act as representatives of the seller and which will act as representatives of the buyer.

The designated agents give their respective clients full representation. The broker has the responsibility of supervising both groups of licensees.

### **Disclosed Dual Agent**

Dual agency is a relationship in which the agent represents both the buyer and the seller in the same real estate transaction. Dual agents typically owe limited duties to each of the parties.

Because of the potential for conflicts of interest in a dual agency relationship, it's vital that all parties give their informed consent. In Illinois, this consent must be in writing. Disclosed dual agency, in which both the buyer and seller consent to the agent representing both of them is legal in most states.