



Sunday Column

By Kim Bragman, 2020 Chairman

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Terms you should know when buying your first home

Did you know that buying a home can require new vocabulary? As part of your home buying research, learning these real estate-related terms will make you an educated buyer and put you in a more powerful position to purchase your first home.

Appraisal

When you purchase a home, your lender will require a property appraisal. Lenders are not likely to loan you \$300,000 for a home that is only worth \$150,000. An appraisal assists the mortgage lender in assessing the actual value of the property and looks at the condition of the house, its location and comparable sales in the same area. As a buyer, you're usually responsible for covering the cost.

Survey

A survey is not the same as an appraisal. A survey verifies the home's boundaries—where your land begins and ends. The surveyor determines whether the house is within the property borders, whether there are any neighbors encroaching upon the property and if any easements on the property may affect legal title. Easements include sewer manholes, drainage ditches and utility lines. Knowing where the easements are located will also help you if you are considering future home improvements.

Title insurance

Title insurance is just as important as the many other types of insurance you probably have. If there are any problems associated with your property's title, this insurance plan protects against loss.

If you are purchasing an older home, the title is likely to have changed hands quite a bit and the land that it sits on, perhaps even more. What do you think would happen if a stranger showed up at your door one day and demanded that you get off *his* land? You'd probably tell him to get lost, but he may really have a case.

Title insurance covers the injured party, which in this case would be the lender. The policy protects the lender up to the amount of the mortgage, but it doesn't protect your equity in the property. To protect your equity, you would need a supplemental policy called an owner's title policy, which covers the full value of the home.

Learn more from your San Antonio area REALTOR®

These are just a few terms that you should know before diving into the home buying process. You'll encounter a lot of real estate industry-specific language and abbreviations. But it doesn't have to feel intimidating. Your REALTOR® can guide you along the way.

For more information on buying or selling your home visit SABOR.com and use a San Antonio area REALTOR®.

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