



## **Sunday Column**

**By Kim Bragman, 2020 Chairman**

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### **Real Estate Terms to Know When Starting the Homebuying Process**

The real estate industry is known for having their own lingo. Before taking the plunge into homebuying make sure you are familiar with these terms.

**Pre-approval-** A mortgage lenders written statement that the approved person(s) will be granted a loan for a set amount pending underwriting approval. A pre-approval letter for can strengthen a buyer's offer, making it more attractive to a seller.

**Buyer's Agent-** A buyer's agent is an agent who represents the interests of the homebuyer.

**Listing Agent-** A listing agent is an agent who represents the interests of the seller.

**Listing-** The description of the property for sale. A listing typically includes information about a property, like square footage, number of beds and bathrooms, price and photos.

**Offer-** A formal proposal that a buyer wants to purchase a home.

**Private Mortgage Insurance (PMI)-** A monthly insurance payment that may be required if a buyer is unable to put down 20 percent of the home's purchase price. PMI protects lenders against loss if a borrower is unable to make the loan payments.

**Sales Contract-** A legal agreement between a buyer and seller to purchase a property, for a specified price and terms, for a limited time period. When the seller accepts, or a counter offer is presented and accepted, it becomes a legally binding sales contract.

**Earnest Money-** This is money that is offered in "good faith" to show that a buyer is serious about purchasing a property.

**Option Period-** A set amount of days that the buyer has the "option" to back out of a home purchase. An option fee is paid if the buyer wants an option period, sometimes called an inspection period.

**Down Payment-** The amount of money a home buyer puts down toward a home purchase. This amount is separate from the loan amount.

**Home Inspection-** During the option period, the buyer hires a home inspector to check out the property for any issues that the home may have.

**Appraisal-** An unbiased evaluation of what a property is worth. A home appraisal can impact the amount of money a lender is willing to loan for a specific property.

**Seller's Concessions-** Seller's may choose to offer concessions to help cover closing costs or in lieu of making repairs to the home.

**Closing Costs-** Fees associated with completing a real estate transaction. These fees may include fees for attorneys, document creation, credit reports, or deed recording.

**Contingencies-** These are conditions that must be met before the close of a sale. In some cases, a home buyer will make a purchase contract contingent on the sale of their current home.

**HOA-** The Home Owner's Association. This is the organization that makes and enforces rules in a neighborhood.

**Mortgage-** The monthly payment a homebuyer makes on their loan balance.

**Home Warranty-** A warranty, that the sellers often purchase for the buyer, that cover issues that may come up with the home after the sale.

**Title Insurance-** A type of insurance that protects the home buyer and lender against any unknown liens or debts that may be placed against the property.

**Final Walk-Through-** This is the time that a buyer last inspects the property before the closing date.

**Seller's Disclosure-** A state mandated document the seller completes that lists any issues that the owner may be aware of with the property.

**Closing-** The last step in the homebuying process. This is when the funds are transferred, paperwork is signed and the sale is completed.

There are a lot of terms that you will come across during a real estate transaction. Don't worry, your REALTOR® will be by your side to explain all of your questions and guide you through the process.

For more information on buying, selling, or leasing your home visit [SABOR.com](http://SABOR.com) and use a San Antonio area REALTOR®.

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