



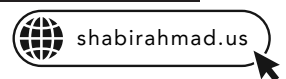
# Real Estate Glossary for Beginners

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# Real Estate Glossary: The Basics

Although you're required by New York City law to hire a real estate lawyer, it's important to understand some of the terms you'll encounter along the way.

## Appraisal

A valuation of property by a qualified individual who uses his or her experience to prepare the appraisal estimate.

## Appraisal fee

Fee charged by an appraiser to estimate the market value of a property.

## Appreciation

An increase in property value.

## As-is condition

The purchase or sale of a property in its existing condition, without repairs.

## Asking price

A seller's stated price for a property and a starting point for negotiations.

## Assumption clause

A provision in the terms of a loan that allows the buyer to take legal responsibility for the mortgage from the seller.

## Back-to-back escrow

Arrangements that an owner makes to oversee the sale of one property and the purchase of another at the same time.

## Capital improvements

Property improvements that either will enhance the property value or will increase the useful life of the property.

## Capital, or cash reserves

An individual's savings, investments or assets.

## Certification of title

A certificate of ownership stating that the title to the specified property is free and clear except for a mortgage.

## Closing

The fulfillment of a contract especially for the sale of real estate.

## Closing costs

Fees for final property transfer not included in the price of the property. Typical closing costs include fees, taxes, and insurance payments that are due when you sign a mortgage and take possession of the apartment. These vary based on purchase price and the mortgage itself.

## Co-signer

A person who signs a credit application with another person, and assumes equal responsibility for the loan's repayment.

## Credit report

A report generated by the credit bureau that contains the borrower's credit history for the previous seven years.

## Credit risk

A term used to describe the possibility of default on a loan by a borrower.

## Credit score

A score calculated by using a person's credit report to determine the likelihood of a loan being repaid on time. Scores range from about 360 to 840. A lower score means a person is a higher risk.

## Deed

A written instrument by which a person transfers ownership of property to another.

## Down payment

The portion of a home's purchase price that is paid in cash and is not part of the mortgage loan.

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## Escrow account

A deposit of funds by buyer and seller — controlled by a third party, typically a broker — until the consummation or termination of the transaction.

## Joint tenancy

Two or more owners share ownership and rights to the property. If a joint owner dies, his or her share typically passes to the other owners, without probate.

## Lender

A term referring to a person or company that makes loans for real estate purchases; sometimes referred to as a loan officer.

## Mansion tax

Revised for 2019, an eight-step tax on New York City high-end home purchases, starting at 1 percent of the purchase price for homes between \$1 million and \$2 million, and rising to 3.9 percent for homes over \$25 million.

## Market value

The price at which a buyer is ready and willing to buy and a seller is ready and willing to sell.

## Mortgage

A legal agreement by which a bank or other creditor lends money at interest in exchange for taking a lien on the debtor's property.

## Preapproval

A lender commits to lend to a potential borrower a specific or maximum loan amount based on a completed loan application, credit reports, and debt and savings statements, all of which have been reviewed by an underwriter. Preapproval could happen before a property search begins or while the search is in progress.

## Punch list

A list of items that have not been completed at the time of the final walk-through of a newly purchased apartment, but for which the seller remains liable.

## Terms

The period of time and the interest rate agreed upon by the lender and the borrower to repay a loan.

## Transfer of ownership

Any means by which ownership of a property changes hands. These include purchase of a property, assumption of mortgage debt, or exchange of possession of a property.

## Transfer tax

Revised for 2019, a tax on the selling price of a home with New York State and New York City components. The newly revised state portion is 0.4 percent for residential transactions below \$3 million and 0.65 percent for transactions over that amount. The city piece depends on the cost of the apartment: 1 percent for apartments \$500,000 or less, 1.425 percent for apartments over that amount.

## Walk-through

The final inspection by the buyer of a property being sold; the intent is to confirm that any contingencies specified in the purchase agreement such as repairs have been completed.

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