



When you're #1 Nationwide, you can do things others can't!
Century 21 Allstar Real Estate Team - (734) 241-2700 - 15375 S. Dixie Hwy. Monroe MI

Glossary of Terms

Adjusted cost basis

The cost of any improvements the seller makes to the property. Deducting the cost from the original sales price provides the profit or loss of a home when it is sold.

Amortization

The process of paying the principal and interest on a loan through regularly scheduled installments.

Balloon loan

A mortgage in which monthly installments are not large enough to repay the loan by the end of the term. As a result, the final payment due is the lump sum of the remaining principal.

Bridge loan

A short-term loan for borrowers who need more time to find permanent financing.

Buyer's remorse

An emotion felt by first-time homebuyers after signing a sales contract or closing the purchase of a house.

Convertible adjustable-rate mortgage

A mortgage which starts as an adjustable-rate loan, but allows the borrower to convert the loan to a fixed-rate mortgage during a specified period of time.

Disclosure

A statement to a potential buyer listing information relevant to a piece of property, such as the presence of radon or lead paint.

Discount points

Fees that a borrower pays at the time the lender makes the loan. A point equals 1 percent of the total loan amount.

Escrow closing

Escrow closes when all conditions of a real estate transaction are met and the title of the property is transferred to the buyer.

Private mortgage insurance (PMI)

A special type of loan insurance that many lenders require borrowers to purchase if the borrower's down payment is less than 20 percent of the home's purchase price.

The 72-hour clause

When a buyer has a house to sell before they can purchase another home, most sellers insist on a 72-hour clause. In the event of a better offer coming in before the contingency is settled, this clause entitles the seller to give the buyer 72 hours to remove the contingency or lose the house.