

# jargon buster

cutting through the clutter of real estate jargon to help make you a smarter buyer

While there are literally hundreds of real estate terms, here are some of the most common ones we are asked about. If you have others, please let us know and we will be pleased to explain them to you.

## attached goods

An item which is attached to real property so as to form, in law, part of the land. Attached goods belong to the buyer and are also known as fixtures.

## completion day

The day from which all calculations of interest, tax adjustments, utility bill adjustments (if applicable), etc. are made to the credit of either the buyer or the seller. All legal and financial obligations are met on that day and the title to the property is transferred from the seller to the buyer. Completion day is usually (but not always) the same as the possession date.

## conveyance

The term used to describe the process of transferring the seller's title to the buyer and indicates all the necessary steps to complete the transfer. A conveyance lawyer is a lawyer responsible for the conveyance process.

## dual associate

A real estate brokerage which acts as an associate for both the seller and the buyer in the same transaction. Both buyer and seller are the brokerage's clients.

## easement

A legal right to use or cross (right-of-way) another person's land for limited purposes. A common example is a utility company's right to run wires or lay pipe across a property.

## encroachment

An intrusion onto an adjoining property. Common examples are a neighbour's fence, storage shed, or overhanging roof line which partially (or even fully) intrudes onto your property.

## encumbrance

A restriction which is either a monetary claim against the land (such as a lien, mortgage or lease), or a non-monetary one (such as an easement).

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## Lien

Any legal claim against a property, filed to ensure payment of a debt.

## Real Property Report

The legal outline of the property and location of all buildings and improvements on the land (formerly called the Surveyor's certificate).

## Statements of Adjustments

Closing statements in a real estate transaction which set out the sources of funds which make up the purchase price, adjustments to and from the purchase price, the final amount required from the purchase and the amount due to the seller. Lawyers will prepare a statement for the seller and the buyer.

## Unattached Goods

Moveable personal property that goes with the seller (also known as chattels).

## Mortgage Terms:

### Amortization

The number of years it takes to repay the entire amount of the mortgage.

### Appraisal Value

An estimate of a property's market value by a professional Appraiser; used by lenders in determining the amount of the mortgage.

### Debt Service Ratio

The percentage of a borrower's income that can be used for housing costs.

### Equity

The difference between the price for which a property can be sold and the mortgage(s) on the property. Equity is the owner's stake in the property.

### Assumable Mortgage

A mortgage held on a property by the seller that can be taken over by the buyer, who then accepts responsibility for making the mortgage payments.

### Pre-Approved Mortgage

Tentatively approved by a financial institution for a specified amount, interest rate and monthly payment.

### Variable-rate Mortgage

A mortgage for which payments are fixed, but whose interest rate changes in relationship to fluctuating market interest rates. If mortgage rates go up, a larger portion of the payment goes to interest. If rates go down, a larger portion of the payment is applied to the principal.

### Mortgage Broker

A person or company having contacts with financial institutions or individuals wishing to invest in mortgages. The mortgagor pays the broker a fee for arranging the mortgage. Appraisal and legal services may or may not be included in the fee.

### Portability

A mortgage feature that allows borrowers to take their mortgage with them without penalty when they sell their present home and buy another one.

Let us help you on your journey to finding that perfect first home.

Contact Valma today. **709 330 6770** or [valmabudgell@smarterway.ca](mailto:valmabudgell@smarterway.ca)