John "J.J." Harrison
260 Northland Blvd, Suite 301B
Cincinnati, OH 45246
(513) 771-2890
WriterJJ@Juno.Com

What Do All those Words Mean?

Like any business, real estate has its own jargon. Most people who invest in property come to understand the more common words. But first-time buyers often feel intimidated by the way sellers and real estate agents toss the jargon back and forth.

Here, then, a short glossary of some common real estate terms:

Real property: Also called restate. It can be land with: building, band permanent fixtures or improvements such as the central heating unit or the asphalt on the driveway. In law, "real" property is distinguished from "personal" property as your car, your shoes, and your heirloom piano.

Real estate brokers and agents: People licensed by the state to act as agents on behalf of buyers and sellers of real property. A broker can work independently, but an agent must either be a broker or work for a broker.

Down payment: The amount of money a buyer puts into a transaction. If the buyer initially pays $30,000, and then borrows the rest of the purchase price, the $300,00 is the down payment.

Equity: The difference between the value of a home and the amount the owner still owes to the lender. If the owner owes $95,000 on the property, but he property could be sold for %150,000, the equity would be $55,000.

Principal and interest: Principal is the amount of money borrowed, or still owed on a loan. Interest is the amount a lender charges for the use of borrowed money.

Of course, there are many other real estate terms, as well. Feel free to call your Realtor for help in understanding them.

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John "J. J." Harrison is a licensed Real Estate Broker in Ohio, Kentucky, and Indiana. He has worked at a Credit Bureau and several financial institutions. He is a published author and a Housing Consultant. He can be reached at (513) 325-4403.