

Glossary Of Real Estate Terms

Your guide to the most commonly used terms in real estate

Confused by all the real estate terminology? We've put together this handy dictionary of commonly used terms when buying or selling a property.

Appraisal: A written analysis of the estimated value of a property prepared by a qualified sales consultant

Agreement: The written contract for the sale and purchase of property

Bridging Loan: A short-term loan (usually at a higher interest rate) taken out to cover the financial commitment between buying a new property and selling an existing one

Business/Working Day: A standard day for conducting business: 9am - 5pm. Excludes weekends and Public Holidays

Buyer's Market: When the demand for property is less than supply so the advantages shift to the buyers

Capital Gain: The financial gain on the sale of a capital asset

Capital Improvement: Any structure or addition to a property erected as a permanent improvement

Certificate of Title: A description of a property with the name of the registered owner, encumbrance ie mortgages and / or easements on the property

Chattels: Moveable and removable items of personal property. In real estate transactions for the sale of homes this usually includes the stove, television aerial, carpets, blinds, curtains, drapes and light fittings. Unless chattels are specified in the agreement, they are not sold as part of the property.

Conditions (Special Conditions in a Sale and Purchase Agreement):

- Cash out
- Conditional upon a Specialists Report
- Conditional upon the sale of the purchasers property
- Conditional upon an existing agreement
- Conditional upon a LIM report
- Conditional upon Finance

Cross Lease: This type of ownership is common where there is more than one home on a block of land. Each owner holds a composite certificate of title which records the land-share plus the lease. The lease is for a period of 999 years and the share corresponds to the number of dwelling units

Deposit: A percentage of the purchase price given to bind the sale of real estate. Held in a real estate Trust account for a minimum of 10 days

Easement: A right that someone has to use the land belonging to another eg: a water sewage easement across part of your property

Exclusive Listing/Sole Agency: A written contract that gives a licensed real estate agent the exclusive right to sell a property for a specified time

Fee Simple: The greatest possible interest a person can have in real estate.

Freehold: An estate in fee simple, which continues for an indefinite period of time.

Leasehold: You buy the right to own the home and lease the land for a certain time, usually with renewal rights every 21 years. Some leases vary and each should be investigated separately.

LIM Report (Land Information Memorandum): A report from the council regarding a specific property including special land features or characteristics and details of building consents and any work done to improvements over the years

Listing: A written contract between an owner and a real estate company authorising the agent to market and sell the property

Registered Valuation: A written analysis of the estimated value of a property prepared by a qualified and registered valuer. The bank often requires a Registered Valuation as a condition of granting a loan to a buyer

Reserve Price: The minimum price, which a seller will accept at auction

Seller's Market: When demand for property is greater than supply. The result is greater opportunity for sellers to find multiple buyers or someone willing to offer the asking price or even a figure greater than asked.

Settlement Date: The day the sale of a property is finalised by the legal representatives of the vendor and buyer and mortgage documents come into effect, costs are paid and the new owner takes possession of the property.

Special Condition: A condition that must be met before the contract is legally binding. For example the purchaser may specify that the contract is not legally binding until the purchaser has seen a builder's report and is satisfied by that report

Title: A legal document evidencing a person's right to or ownership of a property

Title Search: A check of the title records to ensure that the seller is the legal owner of the property and there are no other claims or outstanding permits

Unconditional Agreement: The legal contract that binds both the purchaser and the seller to settle on the specified date and for the specified price. It is either not subject to any conditions or those conditions have been satisfied

Vendor: The person selling their home