



Terms Every Homebuyer Should Know

Learning these **Common Real Estate Terms** gives you the power to make smart moves, especially when buying in **Metro Detroit**. 🏠

Once you understand the basics, you'll feel more confident during contracts, negotiations, and big-money decisions. 💬 💰



Appraisal

A professional report that estimates the **home's value**. 📊

Lenders use it to make sure the loan matches the home's worth.



Contingencies

These are **conditions** written into your contract.

Example: A **home inspection** must happen before the sale moves forward.



You *can* waive some, but it's usually not a good idea.



Closing Costs

These are the **extra fees** paid at the end of your purchase.

They can include **title insurance, taxes, legal fees**, and more.



Always ask your lender for a complete breakdown!



Down Payment

This is the **cash you put down upfront**.

It's usually **3.5% to 20%**, but some loans go as low as **0%**.



Ask your lender what's possible for your situation.



Escalation Clause

This gives your offer a boost in **bidding wars**. 📈

It tells the seller you'll beat a competing offer by a set amount.

Used often in **Metro Detroit** when homes move fast.



Mortgage Rate

This is your **loan's interest rate**—and it can change your monthly payment big time. 📈



Talk to a lender to understand how rates affect your budget.



Pre-Approval Letter

A **must-have** before house hunting.

It tells sellers (and your agent) how much a lender will loan you.



This helps set your budget early and shows you're a serious buyer.



Homeowners Insurance

This protects your home from things like fire, theft, or storm damage. 🏠

Most lenders **require it** before closing.



Home Warranty


Not the same as insurance!

This covers **repairs or replacements** on things like appliances or systems (HVAC, plumbing).


It's often offered by sellers or added by buyers for peace of mind.


Homeowners Association (HOA)

If you're buying in a community with shared spaces, you may have an HOA. They manage upkeep—and charge **monthly or yearly fees**.

 Always check the rules and costs before buying.

Title Company


The **title company** makes sure the property you're buying has a clear legal history.  They handle the **title search**, issue **title insurance**, and often help with **closing paperwork**.

 A trusted title company is a key part of the team, especially **in Metro Detroit**.

Seller Concessions

These are **costs the seller agrees to cover**, like closing fees, repairs, or even buying down your interest rate.

Concessions can help make a deal work, especially if you're tight on cash up front. 

 Be sure your loan type allows them and have your agent help negotiate.

💡 Knowing these **Common Real Estate Terms** will help you buy smarter **in Metro Detroit**. You don't have to be a pro—but with the right info, you'll *feel* like one.