

A Guide to Deciphering the Lingo of Real Estate

Whether you are buying or selling, the language of real estate is often complex and confusing. Here's a quick guide to help you through.

Title: Title to a property essentially denotes ownership interest and is designated by the name(s) on specific legal documents such as mortgages and deeds. The title can be held by an individual, couple or even a corporation.

Deed: A deed is used to transfer ownership of property from one person or entity to another person or entity.

Deed of Trust: A deed of trust is a document that transfers title in a property, with the stipulation that the transfer is contingent upon repayment of an existing loan.

Mortgage: A mortgage is a loan you take out to buy property.

Clear Title: Clear title indicates that the property is free of liens or legal questions surrounding ownership.

Chain of Title: The record of historical ownership of a property. The title company or real estate attorney typically reviews the record in order to determine clear title.

Clouded Title: Any property that has an existing question regarding ownership, chain of title or even liens may have a "clouded" rather than "clear" title, which may adversely impact the ability to obtain financing or properly record the title. Most clouded title issues require a release, court action or other legal intervention to remediate.

Conditional Contract: Is a contract made to purchase real estate that includes conditions. There are many types of conditions but the most common are, for example, a contract that is conditional upon the purchaser obtaining finance or is conditional upon the purchaser selling a property.

Cash Contract: A cash contract is a contract that is made with no conditions. It is also called an unconditional contract.

Unconditional Contract: A contract to purchase real estate becomes unconditional when any conditions attached to the offer are either satisfied or waived. E.g. an offer is made subject to the purchaser obtaining finance. When the purchaser confirms that finance has been approved the conditional offer becomes unconditional.

STF: Means 'Subject To Finance'.

STB: Means 'Subject To Building Inspection'.

48 Hour Clause Offer Process: A 48 Hour Clause in a contract to purchase real estate means that if a second offer (usually an unconditional offer) is accepted by the real estate owner then the first purchaser must make their offer unconditional within 48Hrs of the second offer's acceptance. If the first purchaser is unable to do this (e.g. their offer is conditional upon the sale of their property and it has not sold), then the property will be sold to the second purchaser.