



MARK GOLDADE PERSONAL REAL ESTATE CORPORATION



COLDWELL BANKER

**PREFERRED
REAL ESTATE**

Glossary of Real Estate Terms

A

Amortization: The process of gradually repaying a mortgage loan through regular payments over a set period, typically 25 years in Canada.

Appraisal: An estimate of a property's market value, usually performed by a qualified appraiser.

Assessment: The value assigned to a property by a municipal or provincial government for the purpose of calculating property taxes.

Assumption of Mortgage: An agreement where the buyer takes over the seller's existing mortgage. The buyer assumes responsibility for the remaining loan payments.

B

Balance Due on Closing: The remaining amount the buyer must pay to the seller on closing day after accounting for the deposit and other credits.

Blended Payments: Regular mortgage payments that include both principal and interest, typically paid monthly.

Bridge Financing: Short-term financing used to bridge the gap between the sale of an existing property and the purchase of a new property.

Broker: A licensed real estate professional who acts as an intermediary between buyers and sellers. In Manitoba, brokers must be licensed by the Manitoba Securities Commission (MSC).

C

Closing: The final step in a real estate transaction where ownership is transferred from the seller to the buyer. This involves signing legal documents and paying the remaining balance due.

Closing Costs: Expenses incurred by buyers and sellers to complete a real estate transaction. These can include legal fees, land transfer taxes, and title insurance.

CMHC (Canada Mortgage and Housing Corporation): A government-owned corporation that provides mortgage insurance and promotes affordable housing.

Collateral: An asset pledged as security for a loan. In real estate, the property itself typically serves as collateral for the mortgage.

Condominium: A type of property ownership where individuals own their units and share ownership of common areas with other unit owners.

Conventional Mortgage: A mortgage loan that does not exceed 80% of the property's value. It does not require mortgage insurance.

Counteroffer: A response to an initial offer, indicating that the original offer was unacceptable but with conditions that would be acceptable.

D

Debt Service Ratio: A calculation used by lenders to determine a borrower's ability to make mortgage payments. It includes Gross Debt Service (GDS) and Total Debt Service (TDS) ratios.

Deed: A legal document that transfers ownership of property from one party to another.

Default: Failure to meet the terms of a loan agreement, such as missing mortgage payments.

Deposit: A sum of money paid by the buyer to the seller as a show of good faith when making an offer to purchase. It is typically held in trust until closing.

Disbursements: Expenses incurred by lawyers on behalf of clients, including fees for land title searches and registration.

Down Payment: The portion of the property's purchase price that the buyer pays upfront, typically ranging from 5% to 20% of the purchase price.

E

Easement: A legal right to use another person's land for a specific purpose, such as utility lines or access to a neighboring property.

Encroachment: When a structure or improvement on one property extends onto another property without permission.

Encumbrance: A claim or lien on a property, such as a mortgage, easement, or property tax lien, that may affect the property's transfer of ownership.

Equity: The difference between the property's market value and the outstanding balance on the mortgage.

Exclusive Listing: A listing agreement where the seller grants one real estate agent the exclusive right to sell the property.

F

Fair Market Value: The price a property would sell for on the open market under normal conditions.

Fixed-Rate Mortgage: A mortgage with an interest rate that remains constant throughout the loan term.

Foreclosure: The legal process by which a lender takes possession of a property due to the borrower's failure to meet mortgage obligations.

Freehold: A type of property ownership where the owner has full ownership rights to the land and the buildings on it.

G

Gross Debt Service (GDS) Ratio: The percentage of a borrower's gross income that is used to cover housing costs, including mortgage payments, property taxes, and heating costs. Typically, it should not exceed 32%.

Guarantor: A person who agrees to be responsible for the mortgage debt if the borrower defaults.

H

Home Buyers' Plan (HBP): A program that allows first-time homebuyers to withdraw up to \$35,000 from their RRSP to buy or build a home without immediate tax penalties.

Home Inspection: An assessment of a property's condition by a qualified inspector to identify any potential issues or defects.

Home Insurance: Insurance that covers a property and its contents against damage or loss. It is usually required by lenders as a condition of the mortgage.

I

Interest Rate: The percentage charged by the lender on the mortgage loan, typically expressed annually.

Interest Adjustment Date (IAD): The date from which interest on the mortgage principal is calculated, usually the date of the first mortgage payment.

Inspection Contingency: A condition in a purchase agreement that allows the buyer to have the property inspected and to withdraw from the deal if the inspection reveals significant issues.

Insurance Binder: Temporary proof of insurance coverage provided by an insurance company until a formal policy is issued.

J

Joint Tenancy: A form of property ownership where two or more individuals hold equal shares and the right of survivorship, meaning that if one owner dies, their share passes to the surviving owners.

Judgment: A legal decision by a court that resolves a dispute and may result in a lien against a property.

L

Land Survey: A detailed map of a property's boundaries, improvements, and any easements or encroachments.

Land Titles Office: A government office where property ownership records are kept and transactions are registered. In Manitoba, it is managed by The Property Registry.

Land Transfer Tax: A tax paid by the buyer upon transferring property ownership, calculated as a percentage of the purchase price.

Lien: A legal claim against a property for unpaid debts, such as mortgages, taxes, or contractor fees.

Listing Agreement: A contract between a property owner and a real estate agent authorizing the agent to market and sell the property.

M

Mortgage: A loan secured by the property, which the borrower must repay over a set period, typically with interest.

Mortgage Broker: A licensed professional who arranges mortgage loans between borrowers and lenders. In Manitoba, brokers must be licensed by the Manitoba Securities Commission (MSC).

Mortgage Insurance: Insurance that protects the lender in case the borrower defaults on the mortgage. Required for high-ratio mortgages with less than 20% down payment.

Multiple Listing Service (MLS): A database used by real estate agents to list and find properties for sale.

N

Net Worth: The total value of a person's assets minus their liabilities.

Notice of Assessment: A statement from the Canada Revenue Agency (CRA) detailing the amount of income tax owed or refunded for a particular tax year.

O

Offer to Purchase: A written proposal to buy a property, outlining the terms and conditions of the sale.

Open Mortgage: A mortgage that can be paid off, in part or in full, at any time without penalty.

Operating Costs: The expenses associated with running a property, including utilities, maintenance, and property management fees.

P

P.I.T. (Principal, Interest, and Taxes): The components of a mortgage payment, including the repayment of the loan principal, interest charges, and property taxes.

Pre-Approval: A lender's confirmation that a borrower qualifies for a mortgage loan, subject to conditions such as a satisfactory appraisal of the property.

Prepayment Penalty: A fee charged by the lender if the borrower pays off the mortgage or makes a payment that exceeds the agreed-upon amount before the term ends.

Principal: The original amount of the loan, not including interest.

Property Insurance: Insurance that covers the property and its contents against damage or loss.

Property Tax: An annual tax based on the assessed value of a property, used to fund local services such as schools, roads, and emergency services.

Q

Quitclaim Deed: A legal document that transfers any interest the grantor may have in a property without guaranteeing the extent of that interest.

R

Real Estate Agent: A licensed professional who represents buyers or sellers in real estate transactions. In Manitoba, agents must be licensed by the Manitoba Securities Commission (MSC).

Real Estate Investment Trust (REIT): A company that owns, operates, or finances income-producing real estate.

Refinancing: The process of replacing an existing mortgage with a new one, usually to take advantage of lower interest rates or to access equity.

Reserve Fund: A savings account used by condo corporations to pay for major repairs and replacements of common elements.

Restrictive Covenant: A clause in a deed that restricts the use or activities on a property.

S

Second Mortgage: An additional mortgage on a property that is subordinate to the first mortgage. It typically has a higher interest rate.

Seller's Market: A real estate market condition characterized by high demand and low supply, leading to higher prices and faster sales.

Status Certificate: A document provided by a condo corporation detailing the financial and legal status of the condo unit and corporation.

Survey: A detailed map of a property's boundaries, improvements, and any easements or encroachments.

T

Term: The length of time the mortgage agreement is in effect, typically ranging from six months to ten years.

Title: The legal ownership of a property.

Title Insurance: Insurance that protects against losses related to the property's title or ownership, such as unknown liens or encroachments.

Total Debt Service (TDS) Ratio: The percentage of a borrower's gross income that is used to cover housing costs and other debts. Typically, it should not exceed 40%.

Transfer of Ownership: The process by which the title of a property is transferred from the seller to the buyer.

U

Underwriting: The process by which a lender assesses the risk of granting a mortgage loan, including reviewing the borrower's credit history, income, and property appraisal.

V

Variable-Rate Mortgage: A mortgage with an interest rate that fluctuates based on changes in the lender's prime rate.

Vendor: The seller of a property.

W

WETT Inspection: A Wood Energy Technology Transfer inspection required for homes with wood-burning appliances to ensure they meet safety standards.

Walk-Through: A final inspection of a property by the buyer before closing to ensure it is in the agreed-upon condition.

Z

Zoning: Municipal laws that regulate the use and development of land, including the types of buildings allowed and how they can be used.

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