

UNDERSTANDING REAL ESTATE TERMINOLOGY

We're REALTORS®
Real Estate Is Our Life.

When you decide to buy a home, you'll probably discover a whole new language which is used to describe the property, financing, legalities and people involved in a home purchase. For your convenience, here's a list of the more common terminology used in real estate.

Agency: The legal relationship which exists between the client and the brokerage, the agent. The essence of the agency relationship is that the agent has the authority to represent the client in dealings with others. Agents are obligated to protect and promote the interests of their clients and also owe certain fiduciary duties to their clients.

Agent: A person who holds the qualifications of an agent, is licensed by the Real Estate Council of Alberta and is employed by or associated with a licensed brokerage in Alberta.

Amortization: The repayment of a debt over a period of time in a series of regular payments of principal and accrued interest.

Attached Good: An item that is attached to real property so as to form a part of the land. Also known as a 'fixture', it belongs to the buyer.

Broker: A person who holds the qualifications of a broker, is licensed by the Real Estate Council of Alberta and is authorized to operate a brokerage and trade in real estate on behalf of that brokerage.

Brokerage: The body licensed by the Real Estate Council of Alberta and authorized to trade in real estate in Alberta. The brokerage includes the broker and all agents registered to it.

Completion Day: The day the transaction ends and on which the buyer becomes the legal owner of the property (noted on the Purchase Contract).

Condition: Something that is demanded as an essential part of an agreement.

Dual Agency: A situation that occurs when one brokerage (including the broker and all agents registered to it) represents two parties with respect to the potential purchase of a property. Since the brokerage is working for both parties, it is necessary to limit the fiduciary duties owed to both clients. Dual agency must be acknowledged in writing by the parties.

Easement: Grants a third party the right to enter into another person's property for a specified purpose (e.g. right-of-way).

Fiduciary Duties: The duties of loyalty, disclosure, confidentiality, obedience, reasonable care and diligence and full accounting that are required by law of any agent relative to his/her client.

Latent Defects: Hidden defects that may have reasonably caused the buyer not to purchase the property if the defects had been made known.

Mortgage: An interest in land that is created by a contract as security for a loan made by the lender to the borrower. There are several types of mortgages.

Multiple Listing Service® (MLS®): An cooperative listing system operated by a real estate board to relay information to REALTORS and their clients about properties for sale.

Offer: The purchase price that the buyer suggests to the seller that he/she would be willing to pay for a particular piece of property. The seller may accept, reject or counter the buyer's offer.

Patent Defects: Defects that should be obvious to the buyer when inspecting the property.

Qualifying: The process of establishing the needs, wants, abilities and seriousness of the client. Usually referred to as qualifying the buyer/seller.

Real Property: A combination of tangible and intangible elements. The tangible element is the real estate itself (physical, touchable land improvements). The intangible element is the real property rights which arise by reason of ownership of the property.

Real Property Report (or RPR): The legal outline of the property and location of all buildings on the land.

REALTOR: A trademark used to identify professionals who are members of their local real estate board, the Alberta Real Estate Association and the Canadian Real Estate Association.

Title Insurance: Insurance which may be purchased against title defects, either in lieu of or in addition to a real property report.

Unattached Good: Moveable personal property that goes with the seller (also known as a 'chattel').



*Compliments of the Alberta Real Estate Association
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