

## Terminology

- **ARV -**

- The after repair value. This is the value that we estimate the property would get on the open market after it is completely renovated.

- **An Assignment -**

- An assignment contract is the most common way to sell a wholesale property.
  - EX: Person A gets a property under contract through a typical purchase contract. This gives them equitable interest in the property. Instead of closing on the property they can assign

- **Closing Costs -**

- These are the fees needed to close the property.
- There are some additional fees because a 3rd party member called a title company or closing attorney will hold files and money pertaining to the transaction.
- They will also do a title search and disperse the money at the end of the transaction.
- The closing costs are the fees for all the services provided.

- **COE -**

- The close of escrow. This is the date that the property is set to close and the transaction complete.

- **Deed Types -**

- **General Warranty Deed -**

- Dictionary definition:

- deed used to transfer real property from one person to another

- Company definition:

- Offers most protection and guarantees to buyers. seller with the guarantee that the seller holds clear, unencumbered legal title to the property.

- **Special Warranty Deed -**

- Dictionary definition:

- a particular kind of deed for real estate that make guarantees about the title only during a certain period of time.

- Company definition:

- Seller is only offering guarantees for time that they spent as the owner of the property.

- **Quit Claim Deed -**

- Dictionary definition:

- a legal instrument that is used to transfer interest in real property.
  - The entity transferring its interest is called the grantor, and when the quitclaim deed is properly completed and executed, it transfers any interest the grantor has in the property to a recipient, called the grantee.
  - Company definition: Used to “quit” or release your interest or claim to a property.
- **EMD -**
  - Dictionary definition:
    - earnest money deposit.
  - Company definition:
    - The earnest money deposit.
    - This is not a down payment.
    - This is a good faith deposit.
    - It signifies that the buyer is serious about the purchase by having some skin in the game.
    - The earnest money is refundable during the inspection period.
    - After the IP, EM goes hard or becomes none refundable.
    - If the buyer backs out of the transaction after their inspection period the seller will keep the earnest money as compensation for the time spent in the transaction with a buyer that didn’t move forward.
- **Foreclosure -**
  - Dictionary definition:
    - the action of taking possession of a mortgaged property when the mortgagor fails to keep up their mortgage payments
  - Company definition:
    - When a home is seized and put up for sale.
    - This most frequently occurs with banks and other financial institutions.
    - But other lien holders can foreclose on a property as well to satisfy the balance of the lien.
- **Hold Back -**
  - Dictionary definition:
    - money set aside at the closing of a home that will be refunded once repairs are completed
  - Company definition:
    - If a seller has a post possession, the buyer can request that some of the funds or proceeds from the sale are held back with the title company.

- These funds will be given to the seller when they move out on time.
- Or they could even be given to the buyer as compensation if the seller is not out by the appointed date.
- The amount of the hold back can vary depending on the duration of the post possession.

- **IP/DD -**

- Dictionary definition:
  - Inspection Period/Due diligence
- Company definition:
  - Inspection Period. (sometimes called DD for Due Diligence period)
  - This is the negotiated period of time given to the buyer to view and inspect the property.
  - The buyer may decide to cancel the transaction generally without repercussion.
  - After the IP is over it is assumed that the buyer and seller are both moving forward and a cancellation at that time can result in repercussions.

- **JV -**

- Dictionary definition:
  - Joint Venture
- Company definition:
  - Joint Venture.
  - JV can mean different things to different people.
  - Some people use the term JV just to mean to partner together on something.
  - In other instances it can mean an actual joint venture contract, where two people create a binding agreement to work together with certain terms and payment structures in place.

- **Lien -**

- Dictionary definition:
  - a right to keep possession of property belonging to another person until a debt owed by that person is discharged.
- Company definition:
  - A lien is a financial encumbrance, cloud, or claim placed on the title of a property.
  - These Liens can come from different sources such as, the IRS, the HOA, contractors, and/ or lenders.

- **MTM -**

- Dictionary definition

- Month to Month.
- Company definition:
  - MTM - Month to Month. A type of tenancy. Tenants that are month to month don't have a written lease and can typically be vacated with a 30 day notice (in some markets may be 60 days)
- **Option -**
  - Dictionary definition:
    - a specially designed contract provision between a buyer and a seller. The seller offers the buyer the option to buy a property by a specified period of time at a fixed price. The buyer purchases the option to buy or not buy the property by the end of the holding period.
  - Company definition:
    - An option refers to the option or opportunity to work a property. This can come in the form of a formal option agreement or contract. We will **only** get options **with suppliers** who already have the deal under contract. When we are the ones getting the property under contract we will send over a purchase agreement not an option agreement. Most of the time when we work with suppliers we will get what we call a verbal option to work a property.
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- **Post Possession -**
  - Dictionary definition:
    - The post-possession occupancy agreement is essentially the flip-side of a pre-possession occupancy agreement. It is an agreement between the buyer and seller where the seller remains in the property after closing, and title has passed to the buyer.
  - Company definition:
    - This is fairly common when someone is selling their old property and buying a new one and they need time and/ or the funds from their sold property to get into their new property. A hold back is generally put in place for the protection of the buyer.
- **Probate -**
  - Dictionary definition:
    - The term for a legal process in which a will is reviewed to determine whether it is valid and authentic. Probate also refers to the general administering of a deceased person's will or the estate of a deceased person without a will.
  - Company definition:

- The process to decide what happens to someone's property when they die. The process can take anywhere from a few weeks to 6 months or more depending on how sticky the situation is. But if you are working a probate property be prepared to be in for the long haul.
- **Sheriff Sale -**
  - Dictionary definition:
    - A sheriff's sale is a public auction at which property that has been defaulted on is repossessed. The proceeds from the sale are used to pay mortgage lenders, banks, tax collectors, and other litigants who have lost money on the property.
  - Company definition:
    - The sale of the property that was repossessed through court ordered means
- **Supplier -**
  - Company definition:
    - A supplier is an in house term meaning an agent or wholesaler who supplies us deals.
- **Title Company -**
  - Dictionary definition:
    - A title company makes sure that the title to a piece of real estate is legitimate and then issues title insurance for that property. Title insurance protects the lender and/or owner against lawsuits or claims against the property that result from disputes over the title.
  - Company definition:
    - In some states also called the closing attorney (because in some states only licensed attorneys can do this job) or shortened to "Title" (don't confuse with the concept of ownership). In theory the title company is a non biased 3rd party member that is responsible for holding files and money pertaining to the transaction, They will disperse money at the end of the transaction, they do a title search to make sure that the property is free and clear or has the right to be sold, and they can also offer title insurance.
- **Title Vs. Deed -**
  - Dictionary definition:
    - A deed is evidence of a specific event of transferring the title of the property from one person to another. A title is the legal right to use and modify the property how you see fit, or transfer interest or any portion that you own to others via a deed.

- Company definition:
  - Title is the concept of ownership. The deed is the physical document declaring ownership.
- **Wholesale -**
  - Company definition:
    - Wholesale real estate is a property buying strategy where you try to buy a house directly from a homeowner at a “wholesale” price. You then sell this property off to another interested party —an investor — at a higher selling price. The difference in the selling price and wholesale price is your net profit.
    - This is another one of those terms that could mean different things to different people. Some people might take it just to mean that something is being sold below market value. In our niche of investment the term wholesaling refers to a very specific RE investment strategy, where a person will get a property under contract and then sell their equitable interest through an assignment contract at a higher price.
- **Re-trade -**
  - Company definition:
    - An in house term that means to renegotiate the price with the seller after we have already gotten the property under contract.