



# Here is a common list of terms used in the Real Estate Industry

When a transaction tanks, there's usually one common culprit to blame: Miscommunication. Too often clients and customers trade in lingo they really don't understand; and, while you may be telling them the truth, it's going over their heads and pointing you toward transaction disaster.

In hopes of helping you avoid the derailed deal during this year's make it or break it market season, here are five terms to go over early to avoid a negative review or, even worst, a deal gone down the drain:

## 1. Good-Faith Estimate

In a dream world there are no surprises on the way to closing. Here on planet Earth anything can change at any time. A frequent stress point where clients get caught in the cross-hairs of the sometimes inevitable is the good faith estimate.

Most clients see and save toward this magic number that tells them what they'll need to close. However, make sure your buyers are aware that best term to pay attention to is the last. These "estimates" can vary drastically when it comes to closing time and they should probably save with padding in mind to make sure their deal doesn't fall apart at the end of the road.

## 2. Pre-Approval

A pre-approval is just that, a *pre* approval. Too often clients think that their pre-approval is as good as money in hand. And yes, it does give them permission to shop, but they need to be aware that changes in their habits or the market can affect their ability to close.

Yes, most people (hopefully) know not to buy a car while shopping for a home, but they may not be thinking about closing the deal fast to avoid getting caught on the downside of lending standard or market value changes. They need you to make it clear that they don't have the loan until they've closed, and that means both being conservative with their credit *and* time.

### 3. The "Comp"

On the seller's side, the most common catch phrase that trips your clients up is the almighty "comp." A "comp" is one comparable property; and yes, they are helpful when it comes to pricing.

Your clients, however, need to understand the difference between the "comp" and a Comparative Market Analysis (CMA). Your CMA takes into account a number of factors, and if you don't take the time to explain them properly, your client will lean on sites like Trulia or Google as an authority for pricing advice.

When you recommend a pricing strategy, show clients what road you traveled to get there.

### 4. MLS

In the mind of many seller clients, the MLS is a magic place where properties go to get sold. You know that a ton more goes into marketing.

To make sure clients don't misunderstand what a multiple listing service is, show them your entire property marketing plan. This has two major benefits. One, you keep them from sounding like a dunce. Second, you prove your value by showing them all of the resources and tools like Trulia Mobile Ads you use to move their home.

### 5. Agent

The fact is that most people hire an agent without having a clue as to what agents actually do. If you let your clients get this wrong, you risk both the deal and your reputation.

There's a lot of conversation around whether or not agents earn their commissions. Showing off things like your marketing plan, positive recommendations and reviews, and other resources that break down what you do in your listing or buyer presentations can go along way.