

FHJ Real Estate Terms Glossary

Plain-language definitions for sellers, borrowers, investors, and referral partners.

Real estate conversations can move quickly. This glossary is designed to help you understand common terms used in property sales, private lending, investor funding, and deal review. Definitions are intentionally simple so you can ask better questions and move forward with more clarity.

Seller and Closing Terms

Term	Plain-Language Meaning
As-Is Sale	A sale where the seller is not required to make repairs before closing. The buyer evaluates the property in its current condition.
Closing	The final step of a real estate transaction when documents are signed, funds are handled, and ownership transfers.
Closing Costs	Transaction costs paid at closing, such as title fees, settlement fees, recording fees, tax prorations, and other required charges.
Lien	A legal claim against a property, often tied to unpaid debt, taxes, contractor work, HOA balances, or other obligations.
Judgment	A court-related debt or claim that may need to be resolved before or at closing if it affects the seller or property.
Mortgage Payoff	The amount needed to fully pay off an existing loan on the property at closing.
Net Proceeds	The amount the seller receives after the mortgage, liens, judgments, taxes, HOA balances, closing costs, and other payoff items are handled.
Title Company	A neutral closing party that helps verify ownership, review title, prepare closing documents, and handle funds.
Foreclosure	A legal process where a lender may take ownership of a property after missed mortgage payments or default.
HOA Balance	Money owed to a homeowners association, which may include dues, fines, attorney fees, or other charges.
Probate / Inherited Property	A property tied to a deceased owner or estate. Extra documentation or court steps may be needed before it can be sold.
Vacant Property	A property that is not currently occupied. Vacant properties may have higher risk of damage, code issues, or insurance concerns.

Investor and Funding Terms

Term	Plain-Language Meaning
ARV	After-repair value. The estimated value of a property after planned repairs or improvements are completed.
MAO	Maximum allowable offer. The highest purchase price an investor can typically pay while still leaving room for repairs, costs, risk, and profit.
Rehab Budget	The estimated cost to repair, improve, or renovate a property.
Scope of Work	A written description of the repairs or improvements planned for a project.
Exit Strategy	The plan for how the borrower expects to repay the loan, such as selling, refinancing, renting, or holding the property.
Bridge Loan	Short-term financing used to bridge a timing gap until a property is sold, refinanced, stabilized, or repositioned.
Hard Money Loan	A short-term, asset-based real estate loan often used for investment properties, renovation projects, or fast closings.
Private Money	Capital provided by private individuals, private groups, small lenders, or other non-bank sources for real estate deals.
DSCR	Debt service coverage ratio. A measure comparing property income to debt payments. A higher DSCR generally means stronger cash flow coverage.
LTV	Loan-to-value. The loan amount compared to the property value, shown as a percentage.
LTC	Loan-to-cost. The loan amount compared to the total project cost, usually purchase price plus repairs or construction costs.
Refinance	Replacing an existing loan with a new loan, often to improve terms, access equity, or convert short-term debt into longer-term financing.

Term	Plain-Language Meaning
Cash-Out Refinance	A refinance where the borrower may receive some equity from the property as cash, subject to lender guidelines and value.
Origination Fee	A lender or broker fee charged for arranging or originating a loan, often stated as a percentage of the loan amount.
Prepayment Penalty	A fee some lenders charge if a loan is paid off early. Many private lending structures do not include one, but terms vary.

Property and Deal Terms

Term	Plain-Language Meaning
Buy and Hold	An investment strategy where the owner keeps the property for rental income, appreciation, or long-term portfolio growth.
Fix and Flip	An investment strategy where a property is purchased, renovated, and resold for profit.
Fix and Hold	An investment strategy where a property is renovated and then kept as a rental or long-term asset.
Multifamily	A property with more than one housing unit, such as a duplex, triplex, fourplex, or apartment building.
Commercial Property	Real estate used for business or investment purposes, such as retail, office, warehouse, hospitality, mixed-use, or larger income-producing assets.
Portfolio	A group of properties being sold, financed, or evaluated together.
Deferred Maintenance	Repairs or upkeep that have been postponed and may need to be addressed before resale, rental, refinance, or stabilization.
Stabilized Value	The estimated value of a property after occupancy, income, repairs, operations, or repositioning have reached a more stable level.
Rent Roll	A list of rental units showing tenants, rents, lease terms, occupancy, and sometimes payment status.
NOI	Net operating income. Property income after operating expenses, before debt payments, income taxes, depreciation, or capital expenditures.
Cap Rate	Capitalization rate. A return metric calculated by dividing NOI by property value or purchase price.
Due Diligence	The review period where the buyer or lender checks title, property condition, financials, market data, legal issues, and deal assumptions.
Earnest Money Deposit	A deposit made by a buyer to show commitment to a purchase contract. Refundability depends on contract terms.
Purchase and Sale Agreement	The contract that outlines the terms of a real estate purchase, including price, timelines, deposits, contingencies, and closing details.

This guide is for general educational purposes only and is not legal, financial, tax, or lending advice. Final transaction terms, funding options, and approvals depend on the specific property, parties, documentation, underwriting, and closing requirements.