



A National Association of Exclusive Buyer Agents Home Buyer Report

2008 Report on Home Buying Euphemisms and Lingo

Retro decor
FROG

Fixer upper
Short
Sale

As-is

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National Association of Exclusive Buyer Agents (NAEBA) Home buyer Report

2008 Report on Home Buying Euphemisms and Lingo

or,

How to Read Between the Lines When You're Shopping for a Home

INTRODUCTION

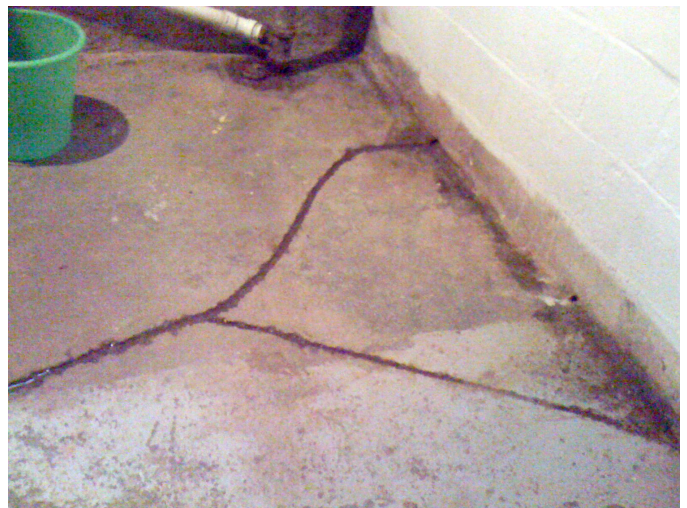
If you've ever even considered buying a home you have probably heard phrases like "diamond in the rough" and "needs tender loving care." But what do these phrases really mean?

As the association of real estate professionals who work for buyers and not sellers, NAEBA (National Association of Exclusive Buyer Agents) members are uniquely qualified to provide some definitions for these industry terms. Since our members are always on the buyer's side they don't engage in this "salesmanship."

An objective discussion of these terms naturally comes with some humor, and a bit of frustration. To set the proper tone we would like to provide a current example:

As of this writing there is a home in the upper Midwest with a listing description that includes the phrase "The basement is nice and dry and has finishable space!"

When one of our members was viewing this home with buyers they not only found water on the floor in a number of areas, but at some point an owner of this home cut a set of troughs in the concrete floor to direct the water that was coming into the basement across the floor into the floor drain. It wasn't a roaring stream, but it was more than a trickle. This is a far cry from a dry basement!



Remember the “listing sheets,” or descriptions of homes, are written by the listing agent who has been hired to sell the home. The job of the listing sheet is to get you interested. The descriptions used focus on only the positive aspects of the home. Rarely do you see a listing that actually describes negative aspects of a home, unless they are part of a particular selling strategy that the listing agent and seller have adopted.

This report summarizes a survey of NAEBA members about listings and language used in listings to sell homes. In surveying NAEBA members from around the country we also found that there are often phrases used in listings that are unique to a particular regional of the country.

SURVEY METHODOLOGY

This was a very informal survey of our Exclusive Buyer Agent members from around the country. Members were asked to provide any unique or misleading descriptions they had found in listing data and to describe what they actually saw at the property when they arrived. In the case of transaction-related descriptions (such as “subject to third-party approval”), the agent was asked what the description actually meant in their marketplace. Please note these are individual cases in our agent’s experiences. These descriptions may not apply in every case.

NAEBA plans to update this list every few years as new terminology enters the marketplace.

LISTING DESCRIPTIONS AND AGENT EXPERIENCES		
Term used	Typical meaning	Region of the country
As-is	This normally means that the seller doesn't want to do any repairs. However, don't assume that if significant defects are identified during a home inspection that you can't negotiate for corrections or compensation. That ability depends on what is in the purchase contract, not what is in the listing description.	Most areas
Bank addendum overrides local contract	This is typically a short sale, (see below) but where the bank is also demanding contract provisions that may be much different from the normal contract in your area.	Most areas
Bank-owned	This means that the home has already gone through a foreclosure type process and the bank that held the mortgage now owns it and is trying to sell it. These homes usually need some repair work and are priced accordingly, but the purchase agreement negotiation can be tricky and frustrating.	Most areas
Bedroom	Can be a small office with or without a portable closet. All bedrooms should have a window to the outside but sometimes that important detail gets missed.	Deep South, Upper Midwest
Buy this house, we'll buy yours!	The listing office will offer you a plan where they will buy your current home if you buy one of their listings. Typically they will only agree to buy it at about 20% less than market value to cover their risk and handling costs.	Upper Midwest
Cozy home	Too small for your big-screen TV.	Southeast
Cozy bedrooms	Room for a twin bed and one very small dresser.	Midwest
Cozy condo	Often means it is so small that it is difficult to turn around in.	Northeast
Cozy, cute as a button, Larger than it looks!	Typically matchbox size.	Midwest
Damp basement in the spring	In one case there was three feet of water, literally rushing through the basement. The listing agent explained to us that this was an unusually wet spring and it would dry out quickly when the warm weather arrived.	Northeast

Desirable neighborhood	Turned out to be located on a busy thoroughfare near a freeway entrance.	West Coast
Easy access to everywhere	Can mean backing up to an expressway.	Southeast
Finishing touches needed	Often means you need to bring your own lighting, hardware, paint, wood trim, and carpet.	Midwest
Fixer upper	This includes homes that haven't been lived in for 20 years. In a "fixer upper" with "great potential," built in the 1700's, the door fell off the hinges when we unlocked it, there was no staircase to the second floor. It was not a pretty sight!	Northeast
FROG	Family Room Over the Garage, also referred to as a "bonus room" in some markets.	South and Southwest
Galley kitchen	Can mean a hallway with cupboards and appliances that two people could not occupy at the same time.	Deep South
Gorgeous colonial style home with great potential	The "potential" referred to the fact that there was a large crack through the middle of the foundation, from the Loma Prieta earthquake.	West coast
Grandma's house!	Can mean it hasn't been updated since she moved in and still smells like her.	Midwest
Less than a mile from the beach as the seagull flies	This meant that to get to the beach by car or foot people need to get onto the highway and head North for more than two miles, and then take the causeway and cross the bridge that takes you to the beach.	Southeast
Light and bright	Everything was white. White ceramic tile for flooring and bright white paint everywhere. It looked like a hospital.	Midwest
Light, airy basement	You could actually see daylight through the cracks in the foundation.	Midwest
Lots of living space	This was true only if you include living in the garage and on the patio or on the decks and in the utility room.	Southeast
Lots of possibilities	Often means it is a real dump.	Midwest
Lovely wooded back yard	Has meant a half acre of grass with four scrawny trees, none of which were over 4" in diameter.	Upper Midwest
Low maintenance front yard	The front yard was paved over with concrete.	West coast

Mature landscaping	There was a 40 year-old cottonwood tree that needed to be cut down before it fell on the house.	Midwest
Mechanic's dream	It is often a real dump, but it typically has a big garage.	Midwest
Meticulously maintained and cared for	Can mean they have never updated the property.	Mountain, Northeast
Move-in ready	Vacant.	Midwest
Neutral colors or relocation beige	Can mean everything is white or light brown, including the tile floors.	Southeast
Newer furnace and AC	In one case they were 25 years old each (and also confirmed by a home inspector). When the listing agent was asked why she was stating they were newer she stated: "Because each one of them had received a new part within the last year."	Midwest
Period home	Could mean a 1700's home in original condition with a summer kitchen in the basement.	Northeast
Quaint cottage	Can mean a wood frame house from the 50's and less that 600 sq. ft.	Deep South
Recently updated	Can mean the seller bought a foreclosure and painted the interior.	Southeast
Relo addendums	This means the seller is taking a job-related relocation and there is a relocation company involved on the seller's side. Often relocation companies will want to negotiate verbally until terms are agreed on and they often will have non-standard provisions in their contracts.	Most areas
Renovated kitchen	Can mean new faucets and new knobs on the old cabinets.	Midwest
Required seller documentation	Often means the seller is in a foreclosure, short sale, or relocation situation and there will be non-standard contract provisions.	
Retro decor	Original avocado paisley vinyl floors.	Southeast
Seller motivated, bring all offers	Often means the seller is motivated enough to add an extra sentence in the listing, but not motivated enough to lower the price to where it needs to be to interest home buyers.	Upper Midwest

Short sale or "subject to short sale"	Often means big trouble. The term refers to a situation where the home is worth less than the outstanding loans on the property, and the only way for the seller to sell it is to get the lender to accept less than the full amount owed. (The lender comes up "short") There are some markets where the chance of success buying these is less than 20% and in most markets the timing is often quite drawn out. You need to make sure you have an experienced company representing you on one of these situations.	Most areas
Short sale has been approved by bank	Normally means that the bank has accepted the short sale based on the terms that are offered that moment in the listing. Some of our buying experts recommend only considering a short sale if it is already approved by the bank.	Most areas
Ski in ski out	Can mean 3-4 blocks from the lift or across a paved road from the lift.	Mountain
Ski slope view	When you are on the deck and lean over the railing and look up, you can see part of the slopes. The building actually looked into another building.	Mountain
Spectacularly built executive home	Has meant a home with bathroom tile work so amateurish that it was reminiscent of homes at one-tenth the asking price.	Upper Midwest
Subject to third party approval	Often indicates a short sale (see above) or sometimes indicates a relocation company is involved. In all cases, this means you will be negotiating with two different parties on the seller's side. Expect some additional frustration and delays.	Most areas
The home has had settlement issues in the past	The property may have experienced a sink hole. In some cases whole homes are lost in sinkholes in this area.	Southeast
This house just had a total facelift!	Has meant the seller painted everything, but remember, in some cases paint can't cover an ugly home.	Midwest
This will go fast	Might have been believable in the first 30 days, but one home with this description had been on the market 247 days.	Midwest

Turnkey	Can mean they want to sell the home with the 80's furniture that they don't want to haul away.	Mountain
Unique design	Sometimes means you have to walk through a bedroom to get to a bonus room or to the exterior. This is most likely a defect in the floor plan.	Southeast
Very bright sunny home	Can mean there is not a tree in sight.	Southeast
Walk to schools, shopping and entertainment	Located in the heart of a retail district.	Midwest
Walking distance to Harvard Square	Anything within about two miles.	Northeast
Water view	Sometimes used even when you have to stand on the roof with binoculars and it must be an extremely clear day to see the water.	Northeast
Water front or lake front	The properties are often fronting dried up lake beds and have been dry for years, in some cases decades. Some properties actually back up to drainage retention areas.	Many areas
Water front	Sometimes means a man made pond or lake instead of gulf access.	Deep South

NOTE: When a seller requires non-standard contract language it is rarely to your benefit as a buyer. This is an example of when it can be very important to retain your own local attorney who specializes in real estate. It also points out how important it is that the real estate company you are working with is loyal to you and your needs.

WHAT TO DO WHEN YOU SEE THE HOME

When you review a listing you may see a term such as "renovated kitchen." When you visit the home think about the words they used and whether it actually describes the home or if it was just language to entice you to visit the home. For example, that renovated kitchen may just have new knobs on the cabinets or a new faucet. This may not be what you expected!

Here are a few things to think about as you evaluate the home in question:

1. Does the information in the listing (renovated kitchen) actually add any value to the home? Or, was the terminology used just to get you inside the home?
2. Does the listing information distract you from another problem with the home? You might be looking for the "great lake view" described in the listing while missing a major defect.

3. Is the listing misrepresenting a feature of the house that should be brought up in negotiation? If the roof was listed as “new” but is actually 20 years old you can often negotiate around this point.
4. How does this listing compare to your other options in the marketplace? There might be another home just down the street that does have the brand new kitchen of your dreams.

SUMMARY

Although this is by no means a conclusive list, we hope this gives home buyers like you a better understanding of what you might face in the home search process. Hopefully, you have found some humor in the descriptions, but more importantly we hope this will help you save time and frustration in your home buying adventure.

At the National Association of Exclusive Buyer Agents our members are Exclusive Buyer’s Agents (EBAs) because they only work for buyers like you. They never list property and they never work for sellers.

Working with an EBA gives you a number of advantages:

1. Since they work for buyers all the time they are typically very familiar with current buyer issues.
2. Since EBAs and their offices never work for sellers, you won’t get caught up in a “dual/designated/delegated/limited agency” conflict of interest situation. If you work with a traditional real estate company, they will often turn into a dual agent, trying to get the seller the highest price while trying to get you the lowest. This is a disadvantageous position to put yourself in when you are buying something as expensive as a house.
3. An EBA will point out misleading descriptions as noted above and other home buying issues and help you avoid or work through them.

There are Exclusive Buyer Agents in virtually all major markets including Hawaii, Mexico and the Virgin Islands. To find an Exclusive Buyer’s Agent to interview, visit naeba.org or call 800-986-2322.

We hope this brief report will help to make your home buying process a more pleasant and profitable one.

Good luck with your efforts!

Jon Boyd
Immediate Past President
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You may also enjoy some of the past special reports NAEBA has developed for home buyers:

NAEBA's Report on staging and its impact on home buyers: <http://naeba.org/staging/>

NAEBA's Report on the new challenges faced by home buyers today: <http://naeba.org/challenges/>