



Real Estate Terms

1. Generational wealth

financial assets passed by one generation of a family to another

2. Cashflow

the net amount of cash and cash equivalents being transferred in and out of a company

3. Down payment

an initial payment made when something is bought on credit

4. Mortgage

loans used to buy a home or to borrow money against the value of a home you already own

5. Appreciation

a house or investment property increasing in value over a period of time

6. Leverage

the use of debt (borrowed funds) to amplify returns from an investment or project

7. Net worth

the total wealth of an individual company or household taking account of all financial assets and liabilities

8. Equity

the difference between how much your home is worth and how much you owe on your mortgage

9. Assets vs Liabilities

Assets - are the items you own that can provide future economic benefit.

Liabilities - are what you owe other parties

10. Cash On Cash Return

annual property-based income before taxes and compares it to the total cash you have invested in the property

11. Total return on investment

the amount of value an investor earns from a security over a specific period, typically one year when all distributions are reinvested

12. Cap rate

rate of return on a real estate investment property based on the income that the property is expected to generate