

Terms To Know



AMENDMENTS: A change — either to alter, add to, or correct — part of an agreement without changing the principle idea or essence.

APPRAISAL: An estimate of value of property resulting from analysis of facts about the property; an opinion of value.

ASSUMPTION: Taking over another person's financial obligation; taking title to a parcel of real property with the Buyer assuming liability for paying an existing note secured by a deed of trust against the real property.

BENEFICIARY: The recipient of benefits, often from a deed of trust; usually the lender.

CLOSE OF ESCROW: Generally the date the documents are recorded and title passes from Seller to Buyer. On this date, the Buyer becomes the legal owner, and title insurance becomes effective.

COMPARABLE SALES: Sales that have similar characteristics as the subject real property, used for analysis in the appraisal. Commonly called "comps."

DEED OF TRUST: An instrument used in many states in place of a mortgage.

DEED RESTRICTIONS: Limitations in the deed to a parcel of real property that dictate certain uses that may or may not be made of real property.

EARNEST MONEY DEPOSIT: Down payment made by a purchaser of real property as evidence of good faith; a deposit or partial payment.

EASEMENT: A right, privilege or interest limited to a specific purpose that one party has in the land of another.

HAZARD INSURANCE: Real estate insurance protecting against fire, some natural causes, vandalism, etc., depending upon the policy. Buyer often adds liability insurance and extended coverage for personal property.

IMPOUNDS: A trust type account established by lenders for the accumulation of borrower's funds to meet periodic payments of taxes, mortgage insurance premiums and/or future insurance policy premiums, required to protect their security.

LEGAL DESCRIPTION: A description of land recognized by law, based on government surveys, spelling out the exact boundaries of the entire parcel of land. It should so thoroughly identify a parcel of land that it cannot be confused with any other.

LIEN: A form of encumbrance that usually makes a specific parcel of real property the security for the payment of a debt or discharge of an obligation. For example, judgments, taxes, mortgages, deeds of trust.

PITI: A payment that combines Principal, Interest, Taxes, and Insurance.

POWER OF ATTORNEY: A written instrument whereby a principal gives authority to an agent. The agent acting under such a grant is sometimes called an "Attorney-in-Fact."

PURCHASE AGREEMENT: The purchase contract between the Buyer and Seller. It is usually completed by the real estate agent and signed by the Buyer and Seller.

QUITCLAIM DEED: A deed operating as a release, intending to pass any title, interest, or claim which the grantor may have in the property, but not containing any warranty of a valid interest or title by the grantor.

RECORDING: Filing documents affecting real property with the County Recorder as a matter of public record.

WARRANTY DEED: A written instrument by which a party transfers ownership of real property to another.