

# Terms You Should Know

## **Amendments**

A change – either to alter, add to, or correct – part of an agreement without changing the principal 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 or 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 of Restrictions**

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

## **Mortgage**

The instrument by which real property is pledged as security for repayment of a loan.

## **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.



[www.NovaHomeLoans.com](http://www.NovaHomeLoans.com)

Life... It's Yours to own.