

Glossary of Terms

Amortized Loan. A loan that is paid off both interest and principal by regular payments that are equal or nearly equal.

Amendment. 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 property with the Buyer assuming liability for paying an existing note secured by a deed of trust against the property.

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

Close of Escrow. 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.

Cloud on Title. A claim, encumbrance, or condition that impairs the title to real property until disproved or eliminated through such means as a quit claim deed or a quiet title legal action.

Comparable Sales. Sales that have similar characteristics as the subject property, used for analysis in the appraisal. Commonly called comps.

Conveyance. An instrument in writing, such as a deed or trust deed, used to transfer (convey) title to property from one person to another.

Deed of Trust. An instrument used in many states in place of a mortgage.

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

Earnest Money Deposit. Down payment made by a purchaser of real estate 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.

Homestead Exemption. Automatic in Arizona, it allows any resident of Arizona, 18 years of age or older, to exempt from attachment, execution or forced sale \$100,000 of equity in a

single dwelling unit. Exceptions include (1) process and sale of a consensual lien, i.e. where a deed of trust or equity loan is foreclosed; (2) a forced sale resulting from a mechanic's lien, and (3) any equity beyond the \$100,000. (You should consult an attorney to determine if this exemption offers you protection in the event of an attachment, execution or forced sale.)

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 piece 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 specific property security for the payment of a debt or discharge of an obligation. For example, judgments, taxes, mortgages, deed 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.

Quit Claim 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 in the grantor.

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

Warranty Deed. A real-estate oriented document used to convey fee title to real property from the grantor (usually the Seller) to the grantee (usually the Buyer).