

THE TERMS YOU SHOULD KNOW

- > **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.
- > **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 OF TITLE** - A claim, encumbrance, or condition that impairs the title to real property until disproved or eliminated through such means as a quitclaim 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 by which real property is pledged as security for repayment of a loan.
- > **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.
- > **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 ban 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 a specific property the security for the payment of a debt. For example; judgments, taxes, mortgages, deeds or 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.
- > **RECORDING** - Filing documents affecting real property with the County Recorder as a matter of public record.
- > **WARRANTY DEED** - A real estate orientated document used to convey fee title to real property from the grantor (usually the Seller) to the grantee (usually the Buyer).