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## 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.

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 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).