

LEADER ESCROW

Glossary of Terms

- Amortization:** Provision for the payment of a debt as to both principal and interest in equal installments over a period of time.
- Appraisal:** An opinion as to the fair market value of land and the improvements on it.
- Assignee:** One to whom a transfer of interest is made. For example; the assignee of a Deed of Trust or contract.
- Assignment:** The transfer, in writing, of a person's interest to another person or entity in an asset, such as an assignment of stock, a Deed of Trust and note or a lease.
- Assignor:** One who makes an assignment. For example; the assignor of a Deed of Trust or contract.
- Attorney in Fact:** One who holds Power of Attorney from another allowing him to act on behalf of the grantor of the power.
- Beneficiary:** In a Trust Deed, the lender is designated as the beneficiary. He obtains the benefit of the security.
- Beneficiary's Statement:** A report from the lender, usually in writing, setting forth the terms and conditions of a loan already of record, such as amounts still owed, interest rate, monthly payments, etc.
- Conveyance:** A written document that transfers title to an asset from one person to another. A deed and assignment are both conveyances, as is a bill of sale.
- Deed:** A written document which conveys ownership of land from one person to another.

Deed of Trust: A document executed by the owner of land by which the land is given as security for the payment of a note or other performance of an obligation. In California and some other states the Deed of Trust is usually used in place of a mortgage.

Default: Failure to perform a duty or to pay an obligation.

Demand/Beneficiary's Demand:A statement from a lender showing the amount due on a loan to be paid.

Earnest Money: An amount of money given as part of the purchase price of property to bind the agreement between buyer and seller.

Easement: A right or interest in the land of another, such as a right to cross over another property to reach yours.

Eminent Domain: A right or power of a government body to take property for a public purpose upon payment of just compensation.

Encumbrance: A lien affecting the land and improvements, such as a mortgage or Trust Deed.

Escrow: According to Section 17003 of the State of California Financial Code:
"... any transactions wherein one person, for the purpose of effecting the sale, transfer, encumbering, or leasing of real property or personal property to another person, delivers any written instrument, money, evidence of title to real or personal property, or other thing of value to a third person to be held by such third person until the happening of a specified event or the performance of a prescribed condition, when it is then to be delivered by such third person to the grantee, grantor, promisee, promisor, obligee, obligor, bailee, bailor, or any agent or employee or any of the latter."

FIRPTA: Under the Foreign Investment of Real Property Tax Act, every buyer must, unless an exemption applies, deduct and withhold 10% of the gross sale price of the seller's proceeds and send it to the Internal Revenue Service, if the seller is a "foreign person" under that statute.

Grantee: The buyer of a deed.

Grantor: The seller of a deed.

Impound Amount: An account held in trust by the lender in which the borrower is required to place monthly deposits for taxes, insurance and other purposes.

Legal Description: Description of real property, as used in legal documents in contrast to a street address by which the property is commonly known. Legal descriptions usually refer to recorded maps, surveys, or other public documents.

Lis Pendes: A notice recorded in the official records of a county to indicate that a lawsuit is pending affecting the lands described in the notice.

Notice of Default: A recorded notice that a default has occurred under a Deed of Trust and/or note.

Open End Deed of Trust: A Deed of Trust, which secures additional notes for funds that a lender may advance to a Trustor, subsequent to the execution of the original loan.

PMI (Private Mortgage Insurance): Insurance against a loss by a lender in the event of a default by the borrower (mortgagor). The insurance is similar to insurance by a governmental agency such as FHA, except that it is issued by a private insurance company. The premium is paid by the borrower and is included in the mortgage payment.

Points: A charge made by a lender. One point is equivalent to one percent of the loan.

Power of Attorney: A written authorization to an agent to perform specified acts on behalf of his principal. This may be granted as either a general or a limited power.

Preliminary Title Report: A report from a title company of the present condition of title made prior to the issuance of a title policy.

Prepayment Penalty: An agreement to pay a penalty for the payment of a note before it actually becomes due.

Quit Claim Deed: A deed which conveys whatever right, title or interest the grantor may have in a property at the time of conveyance. There is no guarantee implied in a quit claim deed.

Reconveyance: The document that is evidence that the Deed of Trust, affecting real property has been paid in full and that the lender and the trustee no longer have any interest in the property.

Short Pay (Short Sale): A short sale is the sale of real property where the fair market sale price is less than the loan balance.

Subordination Agreement: An agreement by which a prior lien is made inferior to an otherwise junior lien.

Title: Evidence of a person's right to or the extent of his interest in property.

Title Insurance: Insurance against loss or damage resulting from defects in title to a particular parcel or real property.

Trustor (in a Deed of Trust): The entity to which property is conveyed in trust, not to be confused with the beneficiary.

Vesting: The manner in which the owner of real property holds title. For example; "John Jones, a single man."

Zoning: Local government regulations relating to the use of property.