



# 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 of 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 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.



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