

Glossary of Sales Terms

Addendum: List or other material added to a document, letter, contractual agreement, escrow instructions, etc. (see also: amendment).

Appurtenant: Attached to the land.

Appraisal: An opinion of value based upon factual analysis. Legally, an estimation of value by to disinterested persons of qualification.

Annual Percentage Rate (A.P.R.): The yearly interest percentage of a loan, as expressed by the actual rate of interest paid. For example; 6% add-on interest would be more than 6% simple interest, even though both would say 6%. The A.P.R. is disclosed as a requirement of federal truth in lending statutes.

Assumption of Mortgage: Agreement by a buyer to assume the liability under an existing note secured by a mortgage or deed of trust. The lender must usually approve the new debtor in order to release the existing debtor (usually the seller) from liability.

Beneficiary: (1) One for whose benefit a trust is created. (2) In Arizona where deeds of trust are commonly used instead of mortgages, the lender (mortgagee) is called the beneficiary.

Close of escrow: The date that title passes from seller to buyer and documents are recorded.

CC&R's: Covenants, Conditions and Restrictions. A term used to describe the restricted limitations which may be placed on a property.

Chain of Title: The chronological order of conveyance of a parcel of land from the original owner (Usually the government) to the present owner.

Comparable Sales: Sales of properties used as comparison to determine the value of a specific property. Commonly known as comps.

Conveyance: Transfer of title to a property. Includes most instruments by which an interest in real estate is created, mortgaged or assigned.

Counter-Offer: An offer (instead of acceptance) in response to an offer. For example; A offers to buy B's house for X dollars. B, in response, offers to sell to A at a higher price. B's offer to A is a Counter-Offer.

Deed: Actually, any one of many conveyance or financing instruments, but generally a conveyancing instrument given to pass free title to property upon sale.

Deed of Trust: An instrument used in many states in place of mortgage. Property is transferred to a trustee by the borrower (Trustor), in favor of the lender (beneficiary), an reconvened upon payment in full.

Disclosure: To make something known. All disclosures should be in writing when dealing with real estate interests and real property.

Discount Points: The amount paid to increase the yield. Discount Points are up-front interest charges to reduce the interest rate on the loan over the term of the loan. Each point equals one percent of the face value of the loan.

Due on Sale Clause: An acceleration clause that requires full payment of a mortgage or deed of trust balance when the secured property changes ownership.

Earnest Money: Money given by the buyer with an offer to purchase. Shows good faith.

Easement: A right created by grant, reservation, agreement, prescription, or necessary implication, which one has in the of another. It is either for the benefit of the land (appurtenant), such as the right to cross A to get to B, or "in gross", such as a public utility easement.

Escrow: Delivery of a deed by a grantor to a third party for delivery to the grantee upon the happening of a contingent event. Modernly, in some states, all instruments necessary to the sale (including funds) are delivered to a neutral third party with instructions as to their use.

Fair Market Value: Price that probably would be negotiated between a willing seller and a willing buyer in a reasonable time. Usually arrived at by the comparable sales in the area.

Fixtures: Items that are usually included with a property, such as ceiling fans, custom blinds, and built in appliances.

Homeowners Association: An association of people who own real property in a given area, formed for the purpose of improving or maintaining the quality of the area. also an association formed by the builder of condominiums or planned developments, and required by the statute in some states. The builder participation as well as the duties of the association are controlled by statute.

Homestead Exemption: Every person the age of 18 or over, married or single, who resides within Arizona, is entitled to a homestead. A.R.S. 33-1101 (A). This homestead is an exemption that precludes most creditors from reaching the first \$150,000 equity in a person's residence. The homestead exemption does not apply to a consensual lien, such as a mortgage or deed of trust. A.R.S. 33-1103. Homeowners do not need to take many action to assert the homestead because the exemption attaches by operation of law. A.R.S. 33-1102. The homestead also attaches automatically to a person interest in identifiable cash proceeds from the voluntary or involuntary sale of the homestead property. Each person or married couple may only hold one homestead. A.R.S. 33-1101 (B). Therefore, if a person has more than one property, a creditor may require the person to designate which property is protected by the homestead exemption. A.R.S. 33-1102 (A).

Lien: An encumbrance against a property for the repayment of a debt. Examples include judgement, taxes, mortgages, and deeds of trust.

Mortgage: The instrument by which real estate is pledged as security for the repayment of a loan.

Mortgage Insurance: Insurance written by an independent mortgage insurance company protection the mortgage lender against loss incurred by a mortgage default, thus enabling the lender a higher percentage of the sales price. P.M.I. is needed for all loans in excess of 80% loan to value.

PITI: Payment that combines the principle , interest, taxes, and insurance.

Power of Attorney: An authority by which one person (principle) enables another (attorney in fact) to act for him.

Public Disclosure Report: A report given to perspective purchasers in a new subdivision, stating the conditions of the area and development (cost of common facilities, utility providers, availability of schools, proximity to airports and freeways, etc.) issued by the Department of Real Estate.

Purchase Agreement: An agreement between a buyer and a seller of real property, setting forth the price and terms of the sale.

Quitclaim Deed: A deed operating as a release: intended 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.

Realtor: A designation given to a real estate broker or sales associate who is a member of a board associated with the National Association of Realtors or with the National Association of Real Estate Boards.

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

Subdivision: The division of one parcel of land into smaller parcels (lots) created by filling a subdivision plot with the governmental authority (city or county) and receiving approval from a governmental authority.

Title: The evidence one has of right of the possession of land.

Warranty Deed: A deed where the seller (Grantor) gauntness that he/she holds clear title to the property, and therefor has the right to sell it to the buyer (Grantee).

If you have any questions, feel free to email us, and we will be happy to oblige.