

Terms in Title

Glossary for terms used in Real Estate

AMENDMENT: A modification to an existing contract, mutually agreed to by all parties.

APPRAISED VALUE: An evaluation of a property's value based on a given point in time that is performed by a professional appraiser during the mortgage origination process. The appraiser is usually chosen by the lender, but the appraisal is paid for by the borrower.

CD/CLOSING DISCLOSURE: A five-page form that provides final details about the mortgage loan you have selected. It includes the loan terms, your projected monthly payments, and how much you will pay in fees and other costs to get your mortgage (closing costs.)

CLOSING COSTS: Costs the buyer must pay at the time of the closing in addition to the down payment, which may include points, title charges, credit report fee, document preparation fee, mortgage insurance premium, inspections, appraisals, prepayments for property taxes, deed recording fee, and homeowners insurance.

CLOUD ON TITLE: A claim or encumbrance that impairs the title to real property.

COMMITMENT: The document by which a title insurer discloses to all parties connected with a particular real estate transaction all the liens, defects, and burdens and obligations that affect the subject property.

DEED: A written instrument by which title to land is conveyed.

DEED RESTRICTIONS: Limitations in the deed to a property that dictate certain uses that may or may not be made of the property.

ESCROW FEE: A fee charged by the title company to service the transaction, to escrow, and cover documents.

EARNEST MONEY: Down payment made by a purchaser of real estate as evidence of good faith.

EASEMENT: A right to use another person's real estate for a specific purpose. The most common type of easement is the right to travel over another person's land, known as a right of way. In addition, property owners commonly grant easements for the placement of utility poles, utility trenches, water lines or sewer lines.

HAZARD INSURANCE: Real estate insurance protecting against fire, some natural causes, vandalism, etc. depending upon the policy.

HOA ASSESSMENT FEES: Charged by the homeowners association as set out in subdivision restrictions.

HOMEOWNERS INSURANCE: Protects the property and contents in case of loss; must be for at least the loan amount or for 80% of the value of improvements, whichever is greater.

LEGAL DESCRIPTION: A description of land recognized by law, based on government surveys, spelling out the exact boundaries of the entire piece of land.

LIEN: A monetary claim against a property.

LOAN TITLE POLICY: Required by the lender to insure that the lender has a valid lien; does not protect the buyer.

ORIGINATION FEE: A fee the buyer pays the lender to originate a new loan.

OWNER'S TITLE POLICY: Owners title insurance provides protection to the homeowner if someone sues and says they have a claim against the home from before the homeowner purchased it. When you purchase your home, you receive a document most often called a deed, which shows the seller transferred their legal ownership, or title to their home, to you. Title insurance can protect you if someone later sues and says they have a claim against the home from before you purchased it. Common claims come from a previous owners failure to pay taxes or from contractors who say they were not paid for work done on the home before you purchased it.

POWER OF ATTORNEY: A written authorization by a person to another person to act for him on his behalf.

REALTOR: A real estate broker or an associate who holds active membership in a local real estate board that is affiliated with the National Association of Realtors®.

REALTOR FEES: An amount paid to the REALTOR as compensation for his/her services.

SURVEY: Confirms lot size and any encroachments or restriction violations.

