

Glossary of Terms

Abstract of Title: A condensed history or summary of all transactions affecting a particular tract of land.

Adjustable Rate Mortgages: Mortgages with an interest rate that may change up or down depending on an indicator. These are usually based something like the current Treasury bill rate.

Affidavit: A sworn statement in writing.

All-Inclusive Title insurance: This means that most title insurance charges are included in one price.

Amortize: To reduce a debt by means of regular periodic payments, which include amounts applicable to both principal and interest.

APR - Annual percentage rate: On some mortgages the APR is higher than your actual mortgage rate.

Assumption: A mortgage that allows a new owner to take over payments. The original borrower remains liable on the mortgage note.

Contiguous: Property adjacent to, surrounding property

Deed: A written document by which the ownership of land is transferred from one person to another.

Deed of Trust: Instrument used to secure a loan on real estate. Like a mortgage, generally used in the South. The major difference is in how foreclosures are handled. Foreclosures are much faster with a Deed of Trust than with a Mortgage.

Deposit or Earnest Money: Advance payment of part of the purchase price to bind a contract for property.

Due-on-Sale Clause: A provision in a mortgage or deed of trust, which requires the loan to be paid in full if a property is sold or transferred.

Equity: The interest or value, which an owner has in real estate over and above the debts against it.

Engress/Egress: The act of coming in or going out; emergence, The right to leave or go out, A path or opening for going out; an exit.

Glossary of Terms

Escrow: (1) A procedure whereby a disinterested third party handles legal documents and funds on behalf of a seller and buyer. (2) Money that is kept by the mortgage company to ensure that taxes can be paid in full when due. This is paid up front on settlement sheet lines 1001 - 1006 and is added to the mortgage payment monthly over the principal and interest figure.

Fixed Rate Mortgages: Mortgages with a fixed interest rate. Your payment for principal and interest will not change for the life of the loan. Your monthly payment may change if taxes or insurance rates change.

FHA - The Federal Housing Administration: An agency of the federal government, which insures private loans for financing of new and existing housing and for home repairs under government, approved programs.

Foreclosure: Legal process by which a mortgagor of real property is deprived of his interest in that property due to failure to comply with terms and conditions of the mortgage.

Grantee: A person who acquires an interest in land by deed, grant or other written instrument.

Grantor: A person who, by a written instrument, transfers to another interest in land.

Hazard insurance: The homeowner's insurance policy.

Heir: One who might inherit or succeed to an interest in lands under the rules of law applicable where an individual dies without leaving a will.

Interest only payments: A mortgage where only the interest is paid on a monthly basis. This means that the buyer gets no equity. This is only used on some purchase money mortgages where the buyer is responsible for paying the seller the entire amount of the second mortgage at some time in the future.

Instrument: A written document.

Loan origination fees: Money required by the lender to be paid to start the work of approving a mortgage.

Judgment: A decree of a court. A lien.

Lien: A hold, a claim or charge allowed a creditor upon the lands of a debtor.

Glossary of Terms

Mortgage Note: An instrument used to encumber land as security for a debt. This document gives the mortgage company "in rem" jurisdiction over the mortgagor.

Mortgagee: A designation for the mortgage lender on lands.

Mortgagor: A designation for the mortgage borrower on lands.

MIP: Mortgage insurance protection

P.O.C.: Paid outside of closing. Sometimes the lender requests this money before settlement. If you pay any charges before settlement they should be written on the settlement sheet. They are written on the proper line outside of your column. They should also be marked P.O.C.

Point: A percentage point. Equal to one percent of the loan amount.

Power of Attorney: An instrument authorizing another to act on one's behalf as his agent or attorney.

PMI: Private mortgage insurance.

PMM - Purchase money mortgage: A mortgage given by the seller simultaneously with the purchase of real estate to secure the unpaid balance of the purchase price.

Pro-Rate: To allocate between seller and buyer their proportionate share of an obligation paid or due.

Promissory Note: A promise to pay. The promissory note document gives the mortgage company "in personam" jurisdiction over the mortgagor.

Real Property: Land and that which is affixed to it.

Reissue Rate: A reduced rate of title insurance premium applicable in cases where the insurer has previously insured the owner of the land in an owner's policy within a certain time.

Second Mortgage: A mortgage, the lien of which is subordinate to that of another mortgage.

Survey: The process of measuring land to determine its size, location and physical description and the resulting drawing or map.

Glossary of Terms

Tax Service Fee: A fee paid to the mortgage company to verify that they actually pay the real estate taxes.

Title: The evidence or right a person has to the ownership and possession of land.

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

Title Insurance Binder or Commitment: A report issued by a title insurance company binding or committing the title insurance company to issue the form of policy designated in the commitment or binder upon compliance with and satisfaction of requirements set forth in the commitment or binder.

Title Search: An examination of public records and court decisions to disclose the current facts regarding ownership of real estate.

Transfer taxes: Money paid to the county and or state when property is sold.

VA - The Veterans Administration: They insure mortgages.

Will: A written document properly witnessed, providing for the distribution of property owned by the deceased.