

Helping Homeowners

# GLOSSARY OF TERMS



**AMERICA'S ONE**  
TITLE AGENCY



## THE FOLLOWING BRIEF GLOSSARY OF REAL ESTATE TERMS MAY BE RELEVANT TO THE FSBO PROCESS:

### **Adjustable Rate Mortgage**

A mortgage having an interest rate that may be changed in response to economic conditions

### **Amortization**

Reduction of the principal of a debt in regular, periodic installments.

### **Appraisal**

A report from an independent third party detailing the estimated value of real estate.

### **Agreement**

A legally binding contract made between two or more persons.

### **Assumption of Mortgage**

An obligation undertaken by a new purchaser of land to be liable for payment of an existing note secured by a mortgage.

### **Capital Gains**

A profit from the sale of property or an investment

### **Clear title**

Real property ownership free of liens, defects, encumbrances, or claims.

### **Closing (also called "Settlement")**

The completion of a real estate transfer, where the title passes from seller to buyer, or a mortgage lien is given to secure debt.

### **Closing Costs**

Miscellaneous expenses involved in closing a real estate transaction over and above the sale price.

### **Collateral**

Marketable real or personal property which a borrower pledges as security for a loan.

### **Commitment**

A document issued by a title insurance company that contains the conditions under which a policy of title insurance will be issued.

### **Condominium**

A statutory form of real estate development of separately owned units and jointly-owned common elements in a multi-unit project.



**Deed**

An instrument for conveying real estate.

**Discount Points (also called “points”)**

The amount of money the borrower or seller must pay the lender to get a mortgage at a stated interest rate. One point is one percent of the amount of the loan.

**Earnest Money**

A deposit of funds made by a buyer of real estate as evidence of good faith.

**Easement**

A non-possessory right to use all or part of the land owned by another for a specific purpose.

**Equity**

The market value of real property, less the amount of existing liens.

**Escrow**

Closing a real estate transaction when all required documents and funds are placed with a third party for processing and disbursement.

**FHA (Federal Housing Administration)**

A federal agency that insures first mortgages, enabling lenders to lend a very high percentage of the sale price.

**Fixed-rate mortgage**

A mortgage having a rate of interest that remains the same for the life of the mortgage.

**Fixtures**

Personal property that is attached to real property and is treated as real property while it is attached, such as, medicine cabinets, window blinds and chandeliers.

**Forgery**

The fraudulent signing of another’s name to an instrument such as a deed, mortgage or check.

**Homeowners Insurance**

Real estate insurance protecting against loss caused by fire, some natural causes, vandalism, etc., depending on the terms of the policy. Also includes coverage such as personal liability and theft away from home.



**HUD (Department of Housing and Urban Development)**

The federal department responsible for the major housing programs in the United States.

**Lien**

A monetary charge imposed on a property, usually arising from some debt or obligation.

**Loan-to-Value Ratio**

The ratio of the amount of the loan divided by the fair market value of the real property held as security for the loan.

**Lot**

Any portion or parcel of real property. Usually refers to a portion of a subdivision.

**Market Value**

The average of the highest price that a buyer would pay and the lowest price a seller would accept.

**Mortgage**

A conditioned pledge of property to a creditor as security for the payment of a debt.

**Mortgage Insurance (also called "Private Mortgage Insurance")**

Insurance written by an independent mortgage insurance company protecting a lender against loss incurred by a mortgage default, thus enabling the lender to lend at a higher loan-to-value ratio.

**Mutual Release**

Document completed by all parties to nullify a purchase agreement.

**Personal Property**

In a broad and general sense, personal property is a movable or tangible thing that can be "owned" and is not classified as real property or real estate. Personal property can be either corporeal (which includes movable and tangible things like animals, furniture or equipment), or incorporeal (which consists of such rights as personal annuities, stocks or copyrights.)

**Points**

See Discount Points.

**Private Mortgage Insurance (PMI)**

See Mortgage Insurance.

**Purchase Agreement**

Contract for selling real and personal property

**Purchase Agreement Addendum**

Document to amend items in a purchase agreement

**Real Estate (also called “Real Property”)**

Land and anything permanently affixed to the land, such as buildings, fences, and those things attached to the buildings, such as plumbing and heating fixtures, or other such items that would be personal property if not attached.

**Recording**

The noting in a public office of the details of a legal document, such as a deed or mortgage, affecting the title to real estate.

**Release**

Document recorded by a lender to show a mortgage or lien has been paid in full.

**Settlement**

See Closing.

**Split Closing**

Occurs when buyer and seller choose separate title companies.

**Subdivision**

A tract of land surveyed and divided into lots for purposes of sale.

**Title**

A combination of all the elements that constitute the highest legal right to own, possess, use, control, enjoy and dispose of real estate or an inheritable right or interest therein.

**Title Defect**

Any possible or patent claim or right that is outstanding in a chain of title that is detrimental to the claim of ownership.

**Title Insurance Policy**

A contract of title insurance under which the insurer, in keeping with the terms of the policy, agrees to indemnify the insured against loss arising from claims against the insured interest.

**Title Search**

A review of all recorded documents in the land records relating to a particular piece of real property to determine the present condition of title.



## SERVICES:

### Expanded Title Insurance

- Homeowners Policy
- Advantage Loan Policy

### Standard Title Insurance

- Owners Policy
- Loan Policy

### Specialty Products

- Foreclosure Guarantee
- Junior Loan Policy
- Chain of Title
- Listing Package
- Title Search

### Closing Services

- One All Inclusive Closing Fee
- No Mobile Closing Fees in Michigan
- One Call Closing Anywhere, Anytime
- Full Service Escrow
- Short Sale Negotiation

## CONTACT US

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[www.americasonetitle.com](http://www.americasonetitle.com)

[www.americasoneclub.com](http://www.americasoneclub.com)

## LOCATIONS

### Grand Rapids Office

2824 E Beltline Lane NE,  
Grand Rapids, MI 49525

### Hudsonville Office

5570 32nd Ave,  
Hudsonville, MI 49426

### Byron Center Office

2575 84th St, Ste B,  
Byron Center, MI 49315

### Cascade Office

6151 28th St SE, Ste 15,  
Grand Rapids, MI 49456