

# CLOSING TERMS YOU SHOULD KNOW

## APPRAISAL

An estimate of value of property resulting from analysis of facts about the property; an opinion of value.

## ANNUAL PERCENTAGE RATE (APR)

The borrower's costs of the loan and term expressed as a rate. This is not their interest rate.

## BENEFICIARY

The recipient of benefits, often from a deed of trust; usually a lender.

## CLOSING DISCLOSURE (CD)

Form designed to provide disclosures that will be helpful to the borrowers in understanding all the costs of the transaction. This form will be given to the consumer by the lender three (3) business days before closing.

## CLOSING DATE

The date the buyer and seller sign all documents prepared by the lender and title company.

## COMPARABLE SALES

Sales that have similar characteristics as the subject real property and used for analysis in the appraisal. Commonly called "comps."

## CONSUMMATION

Occurs when the borrower becomes contractually obligated to the creditor on the loan, not, for example, when the borrower becomes contractually obligated to the seller on a real estate transaction. The point in time when a borrower becomes contractually obligated to the creditor on the loan depends on applicable State law.

## DEED OF TRUST

The lien instrument by which real property is pledged as security for repayment of a loan. Referred to as a "mortgage" in some states.

## DEED RESTRICTIONS

Limitations in the deed or other recorded document to a parcel of real property that dictate certain uses that may or may not be made of the real property.

## DISBURSEMENT DATE

The date the amounts are to be disbursed to a buyer and seller in a purchase transaction.

## EARNEST MONEY DEPOSIT

A portion of the 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.

## FUNDING DATE

The date the lender provides written authorization to the title company to disburse the loan proceeds.

## HAZARD INSURANCE

Real estate insurance protecting against fire, some natural causes, vandalism, etc., depending upon the policy. Buyers often add 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 or real property the security for the payment of a debt or discharge of an obligation. For example, judgments, taxes, mechanic's liens, deeds of trust.

## LOAN ESTIMATE (LE)

Form designed to provide disclosures that will be helpful to borrowers in understanding the key features, costs and risks of the mortgage loan for which they are applying. Initial disclosure to be given to the borrower three (3) business days after loan application.

## PITI

A payment that includes Principal, Interest, Taxes, and Insurance.

## POWER OF ATTORNEY

A written instrument whereby a principal gives authority to an agent to act on his/her behalf.

## RECORDING

Filing documents affecting real property with the appropriate government agency as a matter of public record.

## SETTLEMENT STATEMENT

Provides a complete breakdown of costs involved in a real estate transaction.

## TRID

TILA-RESPA Integrated Disclosures