

**LIEN:** A charge, hold or claim of another for the purpose of securing a debt or obligation. Can be general (like a judgment) or specific (like a trust deed).

**LIS PENDENS:** A notice recorded in the financial records of a county to indicate that a lawsuit is pending affecting the lands described in the notice.

**MARKET VALUE:** The price that real property would reasonably be expected to bring were it to be offered for sale with a reasonable sales effort over a reasonable period of time.

**METES AND BOUNDS:** A term used in describing the boundary lines of land setting forth all the boundary line together with their terminal points and angles.

**MORTGAGE:** A written document executed by the owner of land by which the land is given as securities for the payment of a debt or performance of an obligation (rarely used in California).

**NOTE:** Written evidence of a debt by a borrower that included a promise of payment in accordance with specified terms. A valuable document which must not be lost even when paid in full. In real property transactions, a note is usually secured by a Deed of Trust.

**NOTICE OF DEFAULT:** Recorded notice that a default has occurred under a Deed of Trust and/or Note.

**OFFSET STATEMENT:** A statement furnished to an escrow from an owner of land subject to an encumbrance (note) as to the balance due. Not to be confused with a beneficiary's statement. This can also be provided by a tenant regarding his rights of possession.

**OPEN END DEED OF TRUST:** A Deed of Trust which secures additional notes for funds that a lender may advance to a trustor, subsequent to the execution of the original loan.

**PAYEE:** One who receives payments.

**PAYOR:** One who makes payments.

**PERSONAL PROPERTY:** All property which is not land or improvements permanently affixed to land. Example: stocks, bonds, furniture, automobiles, clothing, promissory notes, etc. Items of tangible personal property are often referred to as chattels.

**POINTS:** A charge made by a lender. One point equals one percent of the loan.

**POWER OF ATTORNEY:** A written authorization to an agent to perform specified acts on behalf of his principal. This may be granted as either general or a limited power.

**PRELIMINARY TITLE REPORT:** A report from a title company of the present condition of title made prior to the issuance of a title policy.

**PREPAYMENT PENALTY:** An agreement to pay a penalty for the payment of a note before it actually

becomes due.

**PRORATION:** The allocation of property taxes, interest, insurance premiums, rental income, etc....between buyer and seller proportionate to time of use.

**QUIT CLAIM DEED:** A deed which conveys whatever right, title or interest the grantor may have in property at the time of conveyance. There is no guarantee implied in a quit claim deed.

**REAL PROPERTY:** Land or improvements permanently affixed to land.

**RECORDATION:** Filing for record in the office of the county recorder, a very necessary process in dealing with real property.

**REQUEST FOR NOTICE OF DEFAULT:** A recorded request for notification of a recorded notice of default on a Deed of Trust.

**RESERVATION:** Right reserved by the grantor in conveying property, or a right which had previously been reserved.

**RESTRICTIONS:** This is often referred to as covenants, conditions and restrictions (CC&R) in regard to a piece of property, setting limitations on its use.

**RIGHT OF WAY:** The right of another to cross over, under or through a parcel of land.

**SELLER:** One who sells property to another.

**SUBJECT TO:** Usually referred to as the condition of title that exists at the time of acquisition by the buyer, such as subject to a Deed of Trust of record.

**SUBORDINATION AGREEMENT:** An agreement by which a prior lien is made inferior to an otherwise junior lien.

**TAX COLLECTOR:** One who collects the taxes on property.

**TITLE:** Evidence of a person's right to or the extent of his interest in property.

**TITLE INSURANCE:** Insurance against loss or damage resulting from defects in title to a particular parcel of real property.

**TRUST DEED:** A Deed of Trust. (See Deed of Trust.)

**TRUSTEE (IN A DEED OF TRUST):** The entity to which property is conveyed in trust, not to be confused with the beneficiary.

**TRUSTOR (IN A DEED OF TRUST):** The borrower under a Deed of Trust.

**VENDEE:** One who is purchasing property under a land sale contract.

**VESTING:** The manner in which the owner of real property holds title. For example, John Jones, a single man.

**ZONING:** Local government regulations relating to the use.



**PICKFORD  
ESCROW COMPANY**

## Dictionary of Escrow Terms

**ROSIE POOLE**  
Orange County  
Sales & Marketing  
(949) 933-1203

RPOOLE@PICKFORDESCROW.COM

## DICTIONARY OF ESCROW TERMS

**ACCELERATION CLAUSE:** This clause in a note and trust deed permits the payee or beneficiary to declare the entire unpaid balance immediately due and payable when a given condition occurs. Such a condition can be the sale of the land. This clause is sometimes called an "alienation clause."

**AD VALOREM:** Literally, "according to value."

This term is usually used in reference to real property taxes which are assessed according to value, i.e., ad valorem.

**ALL INCLUSIVE TRUST DEED (AITD/WRAP AROUND):** A junior Deed of Trust securing a promissory note, the face amount of which is the sum of the liability secured by prior Trust Deeds plus the cash or equity advanced by the AITD lender.

**AMORTIZATION:** Provision for the payment of a debt as to both principal and interest in equal installments over a period of time.

**APPRAISAL:** An opinion as to the fair market value of land and the improvements on it.

**ASSESSED VALUE:** The value placed on land and improvements as a basis for taxation. In California this is usually accomplished by the county assessor's office, and the assessed values for real estate taxes are usually on quarter of market value.

**ASSESSMENTS:** Special and local levies upon property in the immediate vicinity of an improvement. Assessments can be imposed by such entities as flood control districts, street lighting districts and air pollution control districts which serve an area.

**ASSIGNEE:** One to whom a transfer of interest is made. For example, the assignee of a Deed of Trust or contract.

**ASSIGNMENT:** The transfer, in writing, of a person's interest to another person or entity in an asset, such as an assignment of stock, a Deed of Trust or contract.

**ASSIGNOR:** One who makes an assignment. For example, the assignor of a Deed of Trust or contract.

**ASSUMPTION:** An agreement by one party to pay an obligation previously owed by another. For example, the assumption of an existing Trust Deed by a new owner may occur when property is sold.

**ATTORNEY IN FACT:** One who holds a power of attorney from another allowing him to act on behalf of the grantor of the power.

**BENEFICIARY:** In a Trust Deed, the lender is designated as the beneficiary. He obtains the benefit of security.

**BENEFICIARY'S STATEMENT:** A report from the lender, usually in writing, setting forth the term and conditions of a loan already of record, such as amounts still owed, in interest rate, monthly payments, etc.

**BILL OF SALE:** A document that attests to the transfer of ownership of personal property.

**BORROWER:** One who obtains a loan and owes money to a lender.

**BUYER:** One who purchases or acquires property.

**COLLECTION SERVICE:** A service performed by a neutral third party in receiving and disbursing loan payments as instructed by the parties concerned.

**CONDEMNATION:** The exercise of the power of eminent domain by which property is taken for a public use upon payment of just compensation. Condemnation can also refer to the condemning of unsafe structures.

**CONDOMINIUM:** A multifamily or other structure in which units are individually owned and in which owners of individual units also own an undivided interest in common areas.

**CONTINGENT:** Dependent upon conditions or events specified but not yet accomplished. Property may be sold contingent upon the seller or buyer meeting a predetermined condition.

**CONVEYANCE:** A written document that transfers title to an asset from one person to another. a deed and an assignment are both conveyances, as is a bill of sale.

**COUNTY ASSESSOR:** One who sets value of property for taxation purposes.

**DEED:** A written document which conveys ownership of land from one person to another.

**DEED OF TRUST:** A document executed by the owner of land by which the land is given as security for the payment of a note or other performance of an obligation. In California and some other states the Deed of Trust is usually used in place of a mortgage.

**DEFAULT:** Failure to perform a duty or to pay an obligation.

**DEFICIENCY JUDGMENT:** A personal judgment in a judicial foreclosure action for the remaining amount due after a sale of the security.

**DEMAND/BENEFICIARY'S DEMAND:** A statement from a lender showing the amount due on a loan.

**EARNEST MONEY:** An amount of money given as part of the purchase price of property to bind the agreement between buyer and seller.

**EASEMENT:** A right or interest in the land of another, such as a right to cross over another person's property to reach yours.

**EMINENT DOMAIN:** The right or power of a governmental body to take property for a public purpose upon payment of just compensation.

**ENCUMBRANCE:** A lien affecting the land and improvements, such as a mortgage or Trust Deed.

**EQUITY:** Market value of property, less any encumbrance or other liens on it.

**ESCROW:** According to section 17003 of the State of California Financial Code: "...any transaction wherein one person, for the purpose of effecting the sale, transfer, encumbering, or leasing of real or personal property to another person, delivers any written instrument, money, evidence of title to real or personal property, or other things of value to a third person to be held by such person until the happening of a specified event or the performance of a prescribed condition, when it is then to be delivered by such third person to the grantee, grantor, promisee, promisor, obligee, obligor, bailee, bailor, or any agent or employee of any of the latter."

**EXCEPTION:** An interest in real property which is excluded from the conveyance and remains in the grantor's name or which had been excluded in a prior conveyance.

**FIRE INSURANCE:** Insurance against loss or damage by fire to specific property.

**FORECLOSURE:** A proceeding to enforce a lien by the sale of the property in order to satisfy the debt.

**GRANTEE:** The buyer on a deed.

**GRANTOR:** The seller on the deed.

**IMPOUND ACCOUNT:** An account held in trust by the lender in which the borrower is required to place monthly deposits for taxes, insurance and other purposes.

**LAND SALE CONTRACT:** An agreement to sell and purchase wherein legal title is withheld from the purchaser until such time as the required payments to the seller have been completed.

**LEASE OPTION (LEASE WITH OPTION TO PURCHASE):** A lease containing an option giving the lessee the right to purchase the property. The price and terms of the purchase must be set forth for the option to be valid. The option may run for the length of the lease or only for a portion of the lease period.

**LENDER:** One who lends money to borrowers.

**LESSEE:** The tenant under a lease.

**LESSOR:** The landlord under a lease.

**LEGAL DESCRIPTION:** Description of real property, as used in legal documents in contrast to a street address by which the property is commonly known. Legal descriptions usually refer to recorded maps, surveys, or other public documents.