

NOTES

- **Administrative feasible** - it is within the administrative capability to process or hold the investment, and/or account.
- **Beneficiary** – The beneficiary of a deed of trust is another name for the lender
- **Borrower** – An organization, entity, or person that receives a sum of money with the intent and guarantee of returning it
- **Collateral** – Often also referred to as security, something pledged to be forfeited in the event of a default.
- **Conversion** - a change from one type of investment into a different investment
- **Deed in Lieu of Foreclosure**– A deed instrument in which the borrower conveys all interest in a real property to the lender to satisfy a loan that is in default and avoid foreclosure proceedings.
- **Deed of Trust** – A deed of trust or trust deed is a deed wherein legal title in real property is transferred to a trustee, which holds it as security for a loan (debt) between a borrower and lender. The equitable title remains with the borrower
- **Foreclosure** - the action of taking possession of a mortgaged property when the mortgagor fails to keep up their mortgage payments.
- **Interest Rate**– the proportion of a loan that is charged as interest to the borrower, typically expressed as an annual percentage of the loan outstanding.
- **Land Contract** – Legal document used in other states which serves as a promissory note and deed of trust
- **Lender**– An organization, entity, or person that lends money
- **Lien** – A right to keep possession of property belonging to another person until a debt owed by that person is discharged
- **Maturity Date**– The date on which the principal amount of a note or another debt instrument becomes due and is repaid to the investor and interest payments stop. It is also the termination or due date on which an installment loan must be paid in full.
- **Modification**– A permanent restructuring of the note where one or more of the terms of a borrower's loan are changed
- **Mortgage**– A legal agreement by which a bank or other creditor lends money at interest in exchange for taking title of the debtor's property, with the condition that the conveyance of title becomes void upon the payment of the debt
- **Mortgage Spreader** – a legal document that extends the collateral agreement to include additional properties/collateral.
- **Note to Note Conversion:** This is typically a note that the IRA currently holds as an active investment and the client plans to swap the terms and conditions of this
- **Original Document** – Official document containing a pen-ink signature. It cannot be a copy or a digitally signed document
- **Payoff Statement** – A written documents that indicates the total amount due for the payoff of loan. This amount will include all interest and other fees accumulated over the lifetime of the loan

- **Personal Guaranty** – Document that contacts a personal promise/Guaranty that the agreed upon terms will occur; however, does not stand as a collateral
- **Principle Amount** – Total amount being loaned
- **Police/Policing** – enforcing or regulating a situation
- **Profit Sharing**- Profits from an investment are split according to the agreed upon terms and conditions.
- **Promissory Note** – A signed document containing a written promise to pay a stated sum at a specified date or on demand
- **Purchase/Sale Agreement**– A document received after mutual acceptance on an offer, which states the final sale price and all terms of the purchase
- **Quitclaim deed**: Used when a real estate property transfers ownership without being sold. No money is involved in the transaction, no title search is done to verify ownership, and no title insurance is issued. A quitclaim deed real estate transaction sometimes occurs between family members..
- **Read and Approved** – a signature from our Account Holder, or LPOA, for their acknowledgment of receipt, understanding, and permission for execution of the document at hand.
- **Release of Lien/Request for Full Reconveyance/Satisfaction of Mortgage** –Agreement between a lender and a borrower under which the lender (lien holder) releases the lien position on the asset or property at hand
- **Security** – Something pledged to be forfeited in the event of a default, often also referred to as Collateral
- **Seller Finance/Owner Finance** – A loan provided by the current owner to the new buyer of the property.
- **Settlement Statement/HUD** – Itemized list of charges imposed to buyer and seller involved in a real estate transaction note..
- **Split Investment** – Investment involving more than one lender
- **Transfer of Lien/Assignment of Mortgage** – The reassigning of lien from one person to another
- **Trustee**– An individual person given control or powers of administration of property in trust with a legal obligation to administer it solely for the purposes specified
- **Usury**– the illegal action or practice of lending money at unreasonably high rates of interest
- **Vesting** – specific name in which all IRA investments need to be listed, and/or registered, as.
- **Wet ink signature** – a signature signed in pen ink on the original documentation
- **Wrap Around Mortgage/Note** – This is a loan agreement that serves as a secondary loan including the initial, original, loan agreement.
- **Warranty deed**: Used in most real estate sales transactions, this deed says that the grantor (previous owner) is the owner of the property and has the right to transfer the property to you (the grantee). In addition, the deed serves as a statement that there are no liens against the property from a mortgage lender, the Internal Revenue Service, or any creditor, and that the property can't be claimed by anyone else. Title insurance provides the

financial backup to the warranty deed, and requires a title search to verify that no other claims, encumbrances, easements, or liens on the property are outstanding.

- **Warranty Deed with Vendors Lien** - A legal document that is recorded with the county that conveys ownership from the seller to the buyer but reserves a lien in favor of the seller until the purchase price is paid in full. This gives the seller the right to take the property back in the case of default