



## Types Home and Real Estate appraisals & Document Definitions

A home or real estate appraisal is the estimated value or assessed value of that home or real estate. The appraiser analyzes the current market conditions to arrive at a value. As the appraiser gathers information pertinent to a report, the appraiser must consider the site and its amenities as well as the physical condition of the property. The opinion of value that an appraiser specifies in his report is derived through careful consideration and research of the community. There are different house appraisal methods that a real estate appraiser may use depending on the type of home or real estate property. Below are some of the home appraisal methods that your appraiser may use.

### **Cost Approach:**

The appraiser estimates the current market value of the home or real estate by estimating the cost of reconstructing the home (to include any improvements) plus the value of the land minus the estimated depreciation of the home since the home was first built.

### **Comparison Approach:**

The market value is determined by adjusted sales price of recently sold similar properties (comparables). The sales prices of the market comparables reflect the behavior of typical buyers in the marketplace.

### **Income Approach:**

This is an analysis based on the relationship of value as related to the market rent that a property can be expected to earn.

### Acre

An area of land that is 43,560 square feet. A plot of land 180 by 242 feet is one acre.

### Chain of Title

Legal records that traces ownership of a property from the most recent owner to the original owner.

### Deed of Trust

A legal agreement that allows the lender to ask a title or escrow company to begin foreclosure proceedings on a property if the borrower stops paying the loan.

### Easement

The right of another to the use property. The most common easements are for utility lines.

## **Encroachment**

An improvement, such as a fence, that illegally extends onto another property or impedes the neighbor's use of that property.

## **Escrow**

An account in which a neutral third party holds the documents and money in a real-estate transfer until all conditions of a sale are met. Also, an account in which money for property taxes and insurance is held until paid; money is added to the account every time a mortgage payment is made.

## **Escrow Account**

An account in which money for property taxes and insurance is held until paid; money is added to the account every time a mortgage payment is made.

## **Escrow Agent**

A neutral third party who holds the documents and money in a real-estate transfer until all conditions are met.

## **Probate Sale**

Sale of property after the death of the owner, supervised by a court, with proceeds divided among creditors and heirs.

## **Quit Claim Deed**

A document that transfers the grantor's interest in a title to property and is filed with a county recorder. It often is used among family members and can be used to clear up a gap in the chain of title.

## **Tax Lien**

A claim or obstacle to the sale of property because of unpaid taxes. The property's title can't be transferred until liens are paid.

## **Title Insurance**

A policy that guarantees that an owner properly has title to a property and can legally transfer title to someone else. Should a problem arise, the title insurer pays any legal damages.

## **Warranty Deed**

The gold standard in deeds for home buyers: It proclaims that the grantor warrants (guarantees) that the property has clear title and is being conveyed free of liens or encumbrances.

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