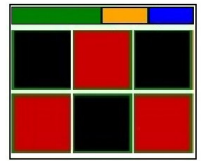


MORTGAGES



Mortgages

A mortgage must secure a debt, and once paid off, mortgages cease to exist by operation of law

M'ee → Mortgage Broker
Personal Debt → Mortgage
M'or

Mortgages establish 2 M'ee rights

- against the personal obligations of the M'or
- against land offered by M'or as security

Taking subject to a mortgage – if debt is defaulted, land may be taken and sold at foreclosure

Assumption – buyer agrees to pay on pre-established mortgage, but the original owner's obligation is not removed (good deal for lender) Unless explicitly released by lender. Under an assumption, the law requires lender to first go against the land, second against the buyer, and only last against the original owner

- * M'ee = Mortgagee = lender
- * M'or = Mortgagor = borrower

Deeds of Trust

An instrument used to secure a real estate loan by granting the lender security in the real property and by adding a third-party trustee to the loan transaction

Colorado uses this alternative to the traditional mortgage – Deeds of Trust forego none of mortgage protections, and create substantive rights identical to mortgages – but they involve three parties instead of just two

Escrow

- Someone is holding monies for one or both parties and conducts closing separately
- Property deposited by two parties with the escrow holder, conditioned upon occurrence of some event
- Upon the occurrence of the event, escrow holder delivers ownership to designated party in accordance with the condition defined in the escrow agreement
- Escrow holder ► fiduciary duty:
 - before the event in acting on behalf of both parties
 - after the event in acting for the owner of the escrowed property
- **Must be an agreement signed by all three parties involved**