

July 21, 2006

LEGAL TERMINOLOGY

1. Purchase Agreement- An agreement between parties as to the sale of real estate where generally all of the sale proceeds are paid at the closing.
2. Contract for Deed - An agreement for the sale of real property between parties wherein the payments are made over a period of time.
3. Warranty Deed - Transfers all of the Grantor's interest in the real property with clear title.
4. Quit Claim Deed - Transfers all of the Grantor's interest in the real property, no warranty of title.
5. Quit Claim Mineral Deed - transfers all of the Grantor's interest in mineral and royalty interest.
6. Royalty Deed - Conveyance of the Grantor's royalty interest.
7. Life Estate - Entitles the life estate holder to all income from the property. The life estate holder is responsible for the real estate taxes and in control of such property. At the death of the life estate holder, the property passes to the remainderpersons.
 - a. Can be created by:
 - (i) reservation
 - (ii) via gift from another
 - (iii) via Will, Trust, etc.
8. Trust - A document created to manage and disburse assets.
 - a. Types:
 - (i) Living Trust
 - (ii) Testamentary Trust
 - (iii) Irrevocable Trust
 - (iv) Revocable Trust. Can be changed or amended at any time, very

flexible.

- (v) Irrevocable Life Insurance Trust (ILIT). Very inflexible, but can provide for estate tax savings.
- (vi) There are several types of different trusts for tax purposes (GRATs, GRUTs, CRATs, CRUTs, QPRTs).

9, Power of Attorney - Document whereby another is appointed to handle financial matters.

a. Types:

- (i) Effective immediately
- (ii) Springing (effective only upon incapacity as determined by your physician).
- (iii) Limited Power of Attorney - Limited to a particular purpose or asset (ie: minerals, vehicle, etc).

10. Guardian - A court appointed person responsible for another individual's welfare.

11. Conservator - A court appointed person responsible for another individual's financial affairs.

12. Trustor - The individual who creates a trust (also often referred to as Settlor, Grantor or Donor).

13. Trustee - The person named to manage the trust assets.

14. Personal Representative - An individual or trust department named to administer an estate (also known as Executor, Executrix, Administrator).

15. Testator - A male who creates a Will.

16. Testatrix - A female who creates a Will.

17. Et ux - Latin for "and spouse"

18. Et al - Latin for "and others"

19. Living Will - A directive to medical personnel and family as to life support, nutrition and hydration.

20. Health Care Power of Attorney - Appoints an individual named to make medical decisions for you if you cannot.
21. Beneficiary - Named individuals or entities to receive an asset upon a person's death. Used with:
 - (a) life insurance policies
 - (b) annuities policies
 - (c) retirement plans
 - (d) trusts
22. Payable on Death Designations - Used in conjunction with certificates of deposit. A payable on death designee has no interest or ownership in the certificate of deposit until the owner dies.
23. Transfer on Death Designations - Used in conjunction with investments. A transfer on death designee has no interest or ownership in the investments until the owner dies.
24. Joint Tenancy Ownership - Is set up different between real property and personal property.