

**What’s the difference between a trust deed and a promissory note?**

A **promissory note**, also known simply as a note, is a document given as evidence of a debt owed by one person to another. The note states:

**A:**

* the dollar amount of debt owed to the noteholder;
* the interest rate due on the debt; and
* the repayment schedule.

When you sign and deliver a note agreeing to its terms, you promise to pay a sum of money to the lender or carryback seller, paid in:

* installments; or
* a single payment at a future time.

When the money is borrowed to purchase or refinance real estate, a trust deed — which also states the amount of your debt to the lender — is signed by the borrower and recorded as a lien against the property. The note itself is not recorded.

Though they are separate documents, the promissory note and trust deed for the same transaction are considered one contract to be read and remain together.

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