



Helpful Terms - Glossary

ABSTRACT OF TITLE - A condensed history or summary of all transactions affecting a particular tract of land.

CHAIN OF TITLE - A term applied to the past series of transactions and documents affecting the title to a particular parcel of land.

CLEAR TITLE - One which is not encumbered or burdened with defects.

CLOSING - Also known as "escrow" or "settlement." The process of executing legally binding documents, such as deeds and mortgages most commonly associated with the purchase of real estate and the borrowing of money to assist in the purchase .

DEED - A written legal document by which the ownership of land is transferred from one person to another.

DEED OF TRUST (MORTGAGE) - An instrument used to encumber land as security for a debt.

EARNEST MONEY - Advance payment of part of the purchase price to bind a contract for property.

EASEMENT - An interest in land owned by another that entitles its holder to a specific limited use, such as laying a sewer, putting up electric power lines, or crossing the property.

ENCROACHMENT - A trespass or intrusion onto another's property, usually by a structure, wall or fence.

ENCUMBRANCE - A lien, liability or charge upon a parcel of land.

ESCROW - A procedure whereby a disinterested third party handles legal documents and funds on behalf of a seller and buyer, and delivers them upon performance by the parties.

EXAMINATION OF TITLE - The investigation and interpretation of the record title to real property based on the title search or abstract.

EXCEPTION - In legal descriptions, that portion of land to be deleted or excluded. The term often is used in a different sense to mean an objection to title or encumbrance on title.

HEIR - One who might inherit or succeed to an interest in land of an individual who dies without leaving a will (intestate).

JOINT TENANCY - An estate where two or more persons hold real estate jointly for life, where each owns an undivided interest in the property, and commonly includes a right of survivorship whereby following the death of one or more joint title owners, title vests in any surviving joint tenants.

JUDGMENT - A decree of a court. In practice this is the lien or charge upon the lands of a debtor resulting from the Court's award of money to a creditor.

LENDER'S POLICY (MORTGAGEE POLICY) - A title insurance policy which insures the validity, enforceability and priority of a lender's lien. This policy does not provide protection for the owner.

LIEN - A hold, claim, or charge allowed a creditor upon the lands of a debtor. Some examples are mortgage liens, judgment liens, and mechanics' liens.

OWNER'S POLICY - A policy of title insurance which insures an owner's interest and possession in real property. This policy does not provide protection for a lender.

POLICY - A written contract of title insurance.

POWER OF ATTORNEY - An instrument authorizing another to act on one's behalf as his or her agent or attorney.

PRORATE - To allocate between seller and buyer their proportionate share of an obligation paid or due. For example, a proration of real property taxes or homeowners association dues.

SURVEY - The process of measuring land to determine its size, location and physical description and the resulting drawing or map.

TITLE - The evidence of right which a person has to the ownership and possession of land. Commonly considered as a history of rights.

TITLE DEFECT - Any legal right held by others to claim property or to make demands upon the owner.

TITLE INSURANCE - Insurance against loss or damage resulting from defects or failure of title to a particular parcel of real property.