

A GLOSSARY OF TITLE INSURANCE TERMS

ABSTRACT OF TITLE

A summarization of the title to land consisting of a synopsis of all recorded deeds, mortgages, liens, encumbrances and court proceedings which have affected the title to real estate. The abstract includes all liens, charges or liabilities to which the real estate may be subject.

ABSTRACT SEARCH

A title examination based upon an abstract of title rather than a review of public records.

ALTA (American Land Title Association)

ALTA is a national association of title insurance companies and title abstract organizations. ALTA promulgates standard policy forms.

APPROVED ABSTRACTOR

An individual (layman, attorney, company, etc.) Who has been deemed qualified to prepare complete, accurate abstracts of title and upon whose abstracts title company examiners and approved attorneys rely in determining the status of a title.

APPROVED ATTORNEY

An attorney who has been deemed qualified to examine and render an opinion on real estate titles and on whose opinion title policies may be issued.

BACK TITLE LETTER

(also **BACK TITLE CERTIFICATE**)

A letter or certificate furnished to an attorney authorizing him to base his title opinion concerning a particular parcel of real estate on an examination of title beginning with a specific date or a specified deed. The back title letter (certificate) provides the status of the title as of the specific date or specified deed.

BINDER (also COMMITMENT)

An agreement that upon satisfaction of the requirements set forth in the binder the insurer will issue the specified title insurance policy subject only to the exceptions stated in the binder. The binder contains the title status on a particular date.

CERTIFICATE OF TITLE

A document by a title or abstract company which describes the ownership of the property as well as the condition of the title to that property. The certificate also indicates which records have or have not been searched.

CHAIN OF TITLE

The successive ownerships or transfers in the history of the title to a tract of land.

CLAIM

The "right" or "interest" a person may have in property owned by another, such as mortgages and leasehold rights; liens due to unpaid debts; mining, oil or air rights, etc.

CLOSING (also SETTLEMENT)

The process by which parties to a real estate transaction agree to and conclude the details of a sale / mortgage including the execution of documents relating thereto and the distribution of the appropriate funds.

COLLATERAL

Marketable real or personal property, which a borrower pledges as security for a loan. In mortgage situations, specific parcels of land usually constitute collateral.

CONDITIONS & RESTRICTIONS

Statements contained in the title report which describe the uses to which the property is limited. Also outlined are the penalties if these terms are violated.

DEED (also GENERAL WARRANTY)

A written conveyance of realty whereby title is transferred from one entity to another and in which the grantor obligates himself, his heirs, etc. to forever defend the grantee, his heirs, etc. against all lawful claims against the title.

DEED REFERENCE

The number of the book and page in the public deed records where a particular deed may be found.

DEFECT IN TITLE

A deficiency or impropriety in title to real estate.

DEVISE

A gift of land by will (or to give land by will). A devisee is the person to whom the property was given by will.

EASEMENT

A privilege, right of use or enjoyment which one entity may have in the land of another.

EMINENT DOMAIN

The right of a government to take private property for public use. The owner of the private property must be compensated.

ENCUMBRANCE

Any right or interest in land held by other than the owner that may decrease the land's value. Examples include mortgage liens, tax liens, etc.

ESCHEAT

The transfer of title of property to the state if the owner dies intestate and without heirs.

ESCROW

Money, securities, funds, documents or other property deposited with a third party to be held by that third party (known as an escrow agent) until the happening of a future event. Upon the happening of the future event, the property deposited is delivered to the designated party.

ESTATE

The degree, quantity, nature and extent of interest that a person has in land.

EVIDENCE OF TITLE

Deed, abstract of title, attorneys opinion, title insurance, etc. A document that demonstrates the status or quality of a real estate title.

EXCLUSION

General matters affecting title to real property excluded from coverage of a title insurance policy.

FHA

(also **FEDERAL HOUSING ADMIN.**)

An agency of the federal government which insures private loans for financing of new and existing housing and for home repairs under government approved programs.

FHLMC

(**FEDERAL HOME MORTGAGE CORPORATION or FREDDIE MAC**)

A federally sponsored private corporation which provides a secondary market for housing mortgages.

FNMA

(**FEDERAL NATIONAL MORTGAGE ASSOCIATION or FANNIE MAE**)

A federally sponsored private corporation which provides a secondary market for housing mortgages.

FREE SIMPLE ESTATE

The highest estate one may have in real property. An absolute or fee simple estate is entitled to the entire property, with unconditional power of disposition during his life, and descending to his heirs and legal representatives upon his death intestate.

FORECLOSURE

The process through which a mortgagor of real property is deprived of his interest in that property because of the mortgagors failure to comply with the terms and conditions of the mortgage.

GNMA

(**GOVERNMENT NATIONAL MORTGAGE ASSOCIATION or GINNIE MAE**)

A government association which provides a secondary market for housing mortgages and special assistance to mortgagee financing housing under special FHA mortgage insurance programs.

GOOD TITLE

Marketable or merchantable title. Such a title as a court of equity would adopt as a sufficient ground for compelling specific performance of a contract to purchase.

GRANTEE

Buyer of a real estate title

GRANTOR

Seller of a real estate title.

GUARANTY POLICY

A title insurance policy which insures against defects of title appearing in the public records. (Title policies insure against defects whether or not they appear in public records.)

HEIR

An entity that succeeds to an estate in lands, upon the death of his ancestor by descent and right of relationship.

JUDGEMENT

The final determination of a court regarding the rights of parties in an action. A judgement of debt upon a property owner can create a lien upon all of that owner's land within a certain jurisdiction.

TITLE PLANT

A compilation of records of transactions affecting particular parcels of real property. The information contained therein is otherwise available only from an examination of public records.

TORRENS SYSTEM

A governmental title registration system wherein title to land is evidenced by a certificate of title issued by a public official.

UNDISCLOSED DEFECTS

Imperfections in a title that cannot be determined by an examination of public records.

UNMARKETABLE TITLE

A title which cannot be sold for a fair market value because of defects or limitations.

WARRANTY

A promise by a grantor of real estate title, for himself and his heirs, to warrant and defend the title and possession of the estate granted, to the grantee and his heirs forever.

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IS ONE THAT IS
ASKED. CALL US!
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