

## GLOSSARY OF TERMS

**Abeyance:** when ownership of properties has not been determined.

**Abstract of Title:** written report of a title search which shows the historical summary of ownership of a particular piece of real estate.

**Abut:** when two parcels of real property touch each other.

**Addendum:** an addition to a completed written document.

**Adverse Possession:** a means of acquiring title to real estate where an occupant has been in actual, open exclusive and continuous occupancy of property for the period required by state law.

**Agency:** the relationship of a person who acts on behalf of another.

**Agreement of Sale:** a meeting of the minds, often, another word for contract.

**ALTA:** American Land Title Association, an association of title insurance companies, which adopted certain insurance forms to standardize coverage.

**Appraisal:** an estimate of value of real estate as of a given date.

**Appurtenant:** pertaining to something that attaches a right or restriction that goes with the property.

**As is:** in a sales contract the buyer agrees to take the property without the right to complain if it is faulty.

**Assessment:** the value of the property used for tax purposes.

**Assignment:** the act of transferring an interest in property to another.

**Attorney:** an agent who is authorized to act for another.

**Binder or Commitment:** a written statement of the key terms of an agreement, to assure Buyer and Seller that there is valid and adequate insurance coverage.

**Breach of Contract:** failing to perform any term of a written or oral contract, without a legitimate legal excuse.

**Broker:** in general, a person who arranges contracts between a buyer and a seller for a commission of the sales price.

**Chain of Title:** the succession of title ownership to real property from the present owner to the original owner at some distant time.

**Claims:** an assertion of some right or demand.

**Clear Title:** holding ownership of real property without any claims by others on the owner's title.

**Closing:** the final step in the sale and purchase of real estate, when the deed, financing documents, title insurance and remaining funds are exchanged, also referred to as "Settlement".

**Closing Statement:** lists the financial settlements between buyer and seller and the costs each must pay.

**Cloud on Title:** an actual or apparent outstanding claim to the title to real property.

**Commitment:** term for a preliminary report issued before the actual Title Insurance policy, setting forth requirements to be satisfied upon closing.

**Contract:** an agreement with specific terms between two or more people, a promise to do something in return for a valuable benefit known as consideration.

**Convey:** to transfer title (ownership) from grantor to grantee by written deed or equivalent.

**Covenant:** a promise in a written contract or deed of real proper

**Deed:** written document which transfers ownership or an interest in real property to another.

**Deed of Trust:** a document which pledges real property to secure a loan.

**Defect in Title:** any recorded instrument that would prevent a grantor from giving a clear title.

**Defective Title:** Title to real property which lacks some elements necessary to transfer good title.

**Deposit:** money given by the buyer with an offer of purchase, sometimes referred to as Earnest Money.

**Disburse:** make payments during the course of an escrow or at closing.

**Earnest Money:** see Deposit.

**Easement Rights:** right (or right of way) created by grant reservation agreement, or necessary implication which one has to the land of another.

**Encroachment:** in general, a structure which is, in whole or part, on the property of another.

**Encumbrances:** general term for any claim or unpaid lien on a parcel of real property, i.e. mortgages, and unpaid taxes or deed restrictions.

**Examination of Public Records:** see Title Search.

**Executor:** appointed under a will to carry out the terms of the will.

**Fee Simple:** absolute title to land which one can pass to another by deed, will or inheritance.

**Federal Tax Lien:** a lien attaching to the property for non-payment of a federal tax.

**Forgery:** false signature or material alteration with the intent to defraud.

**Fraud:** intentional use of deceit to deprive others of money, property, or a legal right

**General Warranty Deed:** a deed to real property which guarantees that the seller owns clear title which can be conveyed.

**Grantee:** the party who receives title in real property, the buyer.

**Grantor:** the party who conveys property, the seller.

**Hazard Insurance:** protects against loss to real estate by fire, vandalism etc. per the terms of the policy.

**Heir:** one who acquires property upon the death of another based on the rule of descent and distribution by way of law rather than a will.

**Hidden Defect:** or hidden risk, any encumbrance which may or may not be apparent from reading the deed, and which is not apparent in public records.

**HUD Settlement Statement:** the US Department of Housing and Urban Development standardized Settlement statement which reflects the breakdown of costs involved in the real estate sale/purchase.

**Insurable Title:** a land title which an insurance company is willing to insure.

**Joint Tenants:** each party owns an individual interest in the entire parcel with the right of survivorship.

**Judgment:** money judgments may become a recorded lien on the property of the owner.

**Legal Description:** geographic identification of a parcel of land acceptable in a court of law.

**Lenders Title Policy:** a title insurance policy insuring the lender against loss due to an invalid title.

**Lien:** an official claim against property for payment of a debt.

**Marital Rights:** Dower, curtesy, or other in reference to property rights.

**Mechanics Lien:** secures priority of payment for work performed and materials used during new construction.

**Mental Incompetence:** lacking the ability to handle one's own affairs.

**Marketable Title:** can be readily marketed to a prudent purchaser without objection. The title is free and clear of objectionable liens, clouds or defects.

**Ownership:** legal title coupled with legal right to possess.

**Owner's Title Policy:** insures the owner of the property, rather than the lien holder, against financial loss due to a defect of title.

**Plat:** a map dividing a parcel of land into lots, as in a subdivision showing boundary lines, buildings and other improvements.

**Power of Attorney:** written document signed by a person giving another person the power to act in conducting the signer's business.

**Probated Will:** a general term for the process of administration, with court super-vision, of estates of dead persons including those without wills.

**Property:** anything that is owned by a person or entity. † Real property is interest in land and improvements.

**Quitclaim Deed:** a real property deed which conveys only that interest in the property which the grantor has title.

**Real Estate:** land, improvements, buildings, attached items, and growing things.

**Real Estate Agent or Broker:** one who is authorized to act on behalf of another in a business matter.

**Real Property:** includes that which is not physical, all present and future interests, ownership, tenancy, enjoyment, and right to sell or pass on.

**Reissue Rate:** a discount in the title insurance premium which is granted under certain circumstances and conditions.

**Restrictive Covenants:** an agreement included in a deed to real property that the buyer will be limited as to future use of the property.

**Search:** see Title Search.

**Settlement or Closing:** the final step in the sale and purchase of real estate when deeds of title, financing documents, title insurance policies and remaining funds are exchanged.

**Special Warranty Deed:** conveys fee title to real property, when seller protects purchaser against any claims created by seller.

**Survey:** the measurement of the boundaries of a parcel of land, its area and sometimes its topography.

**Tenant in Severalty:** an estate in severalty is property held by one person alone.

**Tenants in Common:** title held by two or more persons, each has an equal and undivided interest, with no right of survivorship.

**Tenants by the Entirety:** Joint ownership by husband and wife, with right of survivorship.

**Title:** evidence of ownership of real or personal property, which stands against the right of anyone else to claim the property.

**Title Defect:** lacks some of the elements necessary to transfer good title, for example an unresolved claim.

**Title Failure:** defeats the right of whole ownership of property by the owner of record.

**Title Insurance:** guarantees a clear title to a parcel of land, which the owner can convey. It also protects against financial loss to the buyer should a problem arise.

**Title Search or Examination:** the examination of public records for the property's title history. It determines the chain of title, present owner, legal description, easements, taxes due, encumbrances, leases, judgments or liens.

**Trustee:** a person or entity which holds the assets for the benefit of the beneficiaries.

**Underwriter:** one who insures another

**Undue Influence:** the amount of pressure one uses to force someone to sign a contract, give a gift, while alive, or execute a will leaving assets in a particular way.

**Wills:** written documents which leave the estate of the signer to persons or entities.