



GLOSSARY OF TERMS

A quick reference of terms you may hear throughout the life of a title transaction and what they mean:

Abstract of Title – A summary of all recorded documents affecting title to a property.

Acknowledgment – A formal declaration before a notary public confirming a document's authenticity.

ALTA (American Land Title Association) – A national trade association setting title insurance standards.

Amendment – A change or correction made to an existing contract.

Assessment – A charge levied on a property, typically for improvements or taxes.

Assessor – A government official responsible for determining property value for tax purposes.

Beneficiary – The party entitled to benefits, such as a lender in a trust deed.

Binder – A preliminary report issued before a title insurance policy.

Chain of Title – A history of property ownership showing successive transfers.

Clear Title – A title free from encumbrances, liens, or legal disputes.

Closing – The final step in a real estate transaction where ownership transfers.

Closing Costs – Fees paid at closing, including escrow, title, and lender fees.

Closing Disclosure (CD) – A document outlining final loan terms and closing costs.

Cloud on Title – A potential issue or claim that may affect clear ownership.

Conveyance – The act of transferring property ownership.

Deed – A legal document transferring property ownership.

Deed of Trust – A document securing a loan with real property, held by a trustee.

Default – Failure to meet contractual obligations, like missing loan payments.

Defects in Title – Issues affecting property ownership or marketability.

Earnest Money – A deposit showing a buyer's serious intent to purchase.

Encroachment – An unauthorized structure extending onto another's property.

Encumbrance – A claim or lien on a property affecting its use or transfer.

Escrow – A neutral third party holding funds/documents

until closing conditions are met.

Escrow Officer – A licensed professional handling escrow transactions.

Escrow Instructions – Written directions guiding the escrow process.

Grant Deed – A deed transferring ownership with implied warranties.

Indemnity – Protection against potential losses or claims.

Legal Description – A precise, legally recognized method of identifying a parcel of real property.

Lender's Policy – Title insurance protecting the lender when a loan is issued concurrently with the purchase of real property, or when real property is refinanced.

Lien – A legal claim on property as security for a debt.

Lis Pendens – A recorded notice of a pending lawsuit affecting title.

Mechanic's Lien – A claim by contractors or suppliers for unpaid work.

Notary Public – A licensed official who verifies document authenticity.

Owner's Policy – Title insurance protecting the property owner.

Preliminary Report – A document showing existing title conditions before a sale.

Quitclaim Deed – A deed transferring interest in property without warranties.

Reconveyance – A document releasing a lien after a loan is paid off.

Recording – Filing a document with the county to make it public record.

Settlement Statement – A breakdown of all financial transactions at closing.

Survey – A map showing property boundaries and structures.

Title – Legal ownership of property.

Title Commitment – A promise to insure a title upon meeting conditions.

Title Insurance – A policy protecting against title defects or claims.

Title Search – A review of public records to confirm clear ownership.

Vesting – The manner in which title is held (i.e., joint tenants in common, community property, etc.)

This information is provided as a courtesy of Monarch Title Company. Monarch Title Company is not responsible for any loss or damage due to the use of information contained herein.



MONARCH
TITLE COMPANY