TITLE TERMINOLOGY

A GLOSSARY OF TERMS TO HELP GUIDE YOU THROUGH THE CLOSING PROCESS

CLOSING

THE CONCLUSION OF THE SALES TRANSACTION WHEN THE SELLER TRANSFERS TITLE TO THE BUYER IN EXCHANGE FOR CONSIDERATION. IN TEXAS, THESE PROCEEDINGS ARE USUALLY HELD AT A TITLE COMPANY.

CLOSING COSTS

THE FEES AND EXPENSES THAT BUYERS AND SELLERS PAY TO TRANSFER PROPERTY FROM SELLER TO BUYER. THESE COSTS ARE IN ADDITION TO THE PURCHASE PRICE OF THE PROPERTY.

CLOUD ON TITLE

A CLAIM OR ENCUMBRANCE THAT IMPAIRS THE TITLE TO REAL PROPERTY.

DEED

A WRITTEN INSTRUMENT BY WHICH TITLE TO LAND IS CONVEYED.

COMMITMENT

A BINDING CONTRACT WITH A TITLE COMPANY TO ISSUE A SPECIFIC TITLE POLICY, SHOWING ONLY THOSE EXCEPTIONS CONTAINED IN THE COMMITMENT AND ANY INTERVENING MATTERS AFTER THE DATE OF THE COMMITMENT AND PRIOR TO THE EFFECTIVE DATE OF THE POLICY. THE COMMITMENT CONTAINS ALL INFORMATION INCLUDED IN THE PRELIMINARY TITLE REPORT, PLUS A LIST OF THE TITLE COMPANY'S REQUIREMENTS TO ENSURE THE TRANSACTION. IT ALSO INCLUDES THE STANDARD EXCEPTIONS FROM COVERAGE THAT WILL APPEAR IN THE POLICY.

EASMENT

A RIGHT TO USE ANOTHER PERSON'S REAL ESTATE FOR A SPECIFIC PURPOSE. OTHER COMMON EASEMENTS ARE EASEMENTS FOR THE PLACEMENT OF UTILITY POLES, UTILITY TRENCHES, WATER LINES, OR SEWER LINES.

EARNEST MONEY

A DOWN PAYMENT MADE BY A PURCHASER OF REAL ESTATE AS EVIDENCE OF GOOD FAITH.

ENCROACHMENT

THE PRESENCE OF AN IMPROVEMENT SUCH AS A BUILDING, A WALL, A FENCE, OR OTHER FIXTURE WHICH OVERLAPS ONTO THE PROPERTY OF AN ADJOINING OWNER.

ESCROW

ESCROW IS THE PROCESS WHERE AN INDEPENDENT THIRD PARTY, SUCH AS TEXAS NATIONAL TITLE, ACTS AS THE AGENT FOR BUYER, SELLER, AND LENDER TO CARRY OUT THE INSTRUCTIONS OF ALL PARTIES TO COLLECT ALL NECESSARY DOCUMENTS AND DISBURSE FUNDS APPROPRIATELY.

HAZARD INSURANCE

REAL ESTATE INSURANCE PROTECTS AGAINST FIRE, SOME NATURAL CAUSES, VANDALISM, ETC. DEPENDING UPON THE POLICY.

INDEMNITY

INSURANCE AGAINST POSSIBLE LOSS OR DAMAGE. A TITLE INSURANCE POLICY IS A CONTRACT OF INDEMNITY.

LEGAL DESCRIPTION

A DESCRIPTION OF LAND RECOGNIZED BY LAW, BASED ON GOVERNMENT SURVEYS, SPELLING OUT THE EXACT BOUNDARIES OF THE ENTIRE PIECE OF LAND.

CARSON COUNTY ABSTRACT COMPANY

FOR MORE RESOURCES, VISIT: WWW.CARSONABSTRACT.US

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LEIN

A MONETARY CLAIM AGAINST A PROPERTY.

MORTGAGE

THE INSTRUMENT BY WHICH REAL PROPERTY IS PLEDGED AS SECURITY FOR REPAYMENT OF A LOAN.

PITI

A PAYMENT THAT COMBINES PRINCIPAL, INTEREST, TAXES AND INSURANCE.

PLAT

A PLAN, MAP OR CHART OF A TRACT OR TOWN SITE DIVIDING A PARCEL OF LAND INTO LOTS.

POWER OF ATTOURNEY

A DOCUMENT BY WHICH ONE PERSON (CALLED THE “PRINCIPAL”) AUTHORIZES ANOTHER PERSON (CALLED THE “AGENT”) TO ACT FOR HIM/HER IN A SPECIFIC MANNER IN DESIGNATED TRANSACTIONS.

PUBLIC DOMAIN

LAND OWNED BY THE GOVERNMENT AND BELONGING TO THE COMMUNITY AT LARGE.

REALTOR®

A REAL ESTATE BROKER OR AN ASSOCIATE WHO HOLDS AN ACTIVE MEMBERSHIP IN A LOCAL REAL ESTATE BOARD THAT IS ALIATED WITH THE NATIONAL ASSOCIATION OF REALTORS®.

RECORDNG

FILLING DOCUMENTS AFFECTING REAL PROPERTY WITH THE COUNTY RECORDER AS A MATTER OF PUBLIC RECORD.

REFINANCE

WHEN A LOAN OR MORTGAGE IS REEVALUATED AND UPDATED TO CURRENT INTEREST RATES AND NEW TERMS.

RESTRICTIONS

RESTRICTIONS OFTEN CALLED RESTRICTIVE COVENANTS. PROVISIONS IN A DEED OR OTHER INSTRUMENT WHEREBY AN OWNER OF LAND PROHIBITS OR RESTRICTS CERTAIN USE, OCCUPATION OR IMPROVEMENT OF THE LAND.

SURVEY

THE MEASUREMENT BY A SURVEYOR OF REAL PROPERTY, WHICH DELINEATES THE BOUNDARIES OF A PARCEL OF LAND. A SURVEY ADDITIONALLY DELINEATES THE EXACT LOCATION OF ALL IMPROVEMENTS, ENCROACHMENTS, EASEMENTS AND OTHER MATTERS AFFECTING THE TITLE TO THE PROPERTY IN QUESTION. A TITLE INSURANCE COMPANY MAY REQUIRE A SURVEY WHENEVER IT IS REQUESTED TO ISSUE CERTAIN TITLE POLICY ENDORSEMENTS.

TITLE

(1) A COMBINATION OF ALL THE ELEMENTS THAT CONSTITUTE A LEGAL RIGHT TO OWN, POSSESS, USE, CONTROL, ENJOY AND DISPOSE OF REAL ESTATE OR A RIGHT OR INTEREST THEREIN. (2) THE RIGHTS OF OWNERSHIP RECOGNIZED AND PROTECTED BY THE LAW.

TITLE INSURANCE

INSURED STATEMENT OF THE CONDITION OF TITLE OR OWNERSHIP OF REAL PROPERTY. FOR A ONE-TIME-ONLY PREMIUM, THE NAMED INSURED AND THEIR HEIRS ARE PROTECTED AGAINST TITLE DEFECTS, LIENS AND ENCUMBRANCES EXISTING AS OF THE DATE OF THE POLICY AND NOT SPECIFICALLY EXCLUDED FROM IT. IN THE EVENT OF A CLAIM, THE TITLE COMPANY PROVIDES LEGAL DEFENSE FROM THE POLICYHOLDER AND PAYS ANY COVERED LOSSES INCURRED AS A RESULT OF SUCH CLAIM.