

KANSAS CITY TITLE

ABSTRACT OF TITLE: A condensed history of the title, consisting of a summary of the various links in the chain of title, together with a statement of all liens, charges, or encumbrances affecting a particular property since ownership by government.

ACKNOWLEDGMENT: A formal declaration made before a notary public or other person empowered to perform the service, by the signatory to the instrument, as to the genuineness of the signature. (Necessary on documents to be recorded-affidavits can have "subscribed to and sworn before me" but deeds, etc. must have full acknowledgment)

ACRE: A measure of land, 160 square rods (4,840 square yards; 43,560 square feet)

AD VALOREM: A tax according to valuation.

ADJUSTABLE RATE MORTGAGE (ARM): A mortgage in which the interest rate is adjusted periodically based on a pre-selected index.

ADJUSTMENT PERIOD: Frequency with which interest rates or payments change during the life of an adjustable rate mortgage.

ADMINISTRATORS DEED: A deed ordered by the court from the administrator of the estate being probated.

ADVANCE BALANCE: When there are insufficient funds in an escrow account to make payment of tax or insurance bills, funds are advanced by a Company in order to make payment. This means the account is overdrawn as we have paid out more than the amount that was in the account.

ADVERSE POSSESSION: The right of an occupant of land to acquire title against the real owner, where possession has been actual, continuous, hostile, visible and distinct for the statutory period. Period varies from state to state from 7 to 30 years.

AGREEMENT OF SALE: A written agreement whereby the purchaser agrees to buy a certain real estate property and the seller agrees to sell upon terms and conditions set forth therein.

AMORTIZATION: A loan payment by equal periodic payments calculated to payoff the debt at the end of a fixed period, including accrued interest on the outstanding balance.

APPRAISAL: An estimate of the value of property, made by a qualified professional called an "appraiser".

ARREARS: Interest on a mortgage is paid in arrears, which means a payment due on June 1 includes interest for the month of May.

ASSESSED VALUATION: The value that a taxing authority places upon real or personal property for the purposes of taxation.

ASSESSMENT: A charge against real estate made by a unit of government to cover the proportionate cost of an improvement, such as a street or sewer.

ASSESSOR: One who computes values for the purpose of taxation.

ASSIGNMENT: The method or manner by which a right, a specialty or contract is transferred from one person to another.

ASSUMPTION: An assumption occurs when one party assumes an existing loan in order to purchase the property. They would pay the seller the equity in the property and assume the remaining balance. An example would be if the property sold for \$80,000 and the loan balance was \$60,000, the purchaser would pay the seller \$20,000 and assume the existing mortgage.

BALLOON NOTE: Promissory note amortized over a period of time with the final payment the lump sum balance due (amortized over 10 years with payments that would normally pay the amount off in that period of time but the balloon payment of the final five years principal balance due in 5 years).

BONA FIDE: In good faith; without fraud.

BOND OR NOTE: The written agreement or promise to repay the loan.

BROKER: Licensed person dealing in real estate for commission or fee.

BUYDOWN: A fee paid at the closing of the buyer, builder, or another party, which lowers the interest rate on the loan for a stated period of time.

CAP: Consumer safeguards, which limit the amount the interest rate on an adjustable rate mortgage may change per year and/or the life of the loan.

CLOSING STATEMENTS: An accounting of funds in a real estate sale made by the disbursing party to the seller and buyer and/or lender.

COMMISSION: Fee paid for selling, buying or leasing real property for another party.

COMMITMENT: Refers to obligation-commitment to loan money on a real property. Commitment for Title shows all the liens, encumbrances and requirements to transfer complete the sale. Company agrees to issue insurance.

COMMUNITY PROPERTY: Property accumulated through joint efforts of husband and wife living together.

CONDEMNATION: Taking private property for public use, with compensation to the owner, under the right eminent domain.

CONTRACT: An agreement between two or more parties for the doing or not doing of a definite thing. Written agreement to purchase and sale of real estate with terms and conditions set forth.

CONTRACT FOR DEED: Agreement for sale with deed of conveyance to be provided when agreed sum is paid to seller.

CONVEYANCE: An instrument by which title to property is transferred.

DECREE: A final order of a court disposing of the issues in a lawsuit.

DEDICATION: An appropriation of land by an owner to some public use together with acceptance for such use by or on behalf of the public.

DEED: A document by which lands are transferred, which writing is signed, sealed and delivered by the grantor.

DEED IN TRUST: An instrument, which conveys title to a trustee for the benefit of persons named in a (separate) trust agreement. Deeds in trust usually disclose the authority of the trustee to sell and mortgage this property (e.g. Full Power Deed in Trust).

DEED OF TRUST: Lien on property securing promissory note.

DEFAULT: The non-performance of a duty, whether under a contract or otherwise; failure to met an obligation when due.

DEFERRED INTEREST: With certain mortgage plans, your scheduled monthly payment may not be enough to pay the interest accruing on the loan. In that case, the unpaid interest is deferred and added to the principal amount.

DEMISE: A transfer; a lease; a transfer to another of an estate for years, for life or at will.

DEPRECIATION: Loss in value brought about by deterioration through ordinary wear and tear, action of the elements or functional or economic obsolescence.

DEVISE: A gift of real property by a last will and testament.

EARNEST MONEY: Down payment made by a purchaser of real estate as evidence of good faith.

EASEMENT: Right or interest in the land of another entitling the holder to a specific limited use, privilege, or benefit such as installing a sewer system or putting up power lines, etc.

EMINENT DOMAIN: The right of the people or government to take private property for public use upon payment of compensation.

ENCROACHMENT: A building, part of building or obstruction, which intrudes upon or invades a highway or sidewalk or trespasses upon property of another.

ENCUMBRANCE: A claim, lien, charge or liability attached to and binding upon real property, such as a judgment, unpaid taxes or a right-of-way; defined in law as any right to or interest in land which may subsist in another to the diminution of its value but consistent with the passing of the fee.

EQUITY: The interest or value, which an owner has in real estate over and above the mortgage against it.

ESCROW: A document or money delivered to a third person to be held by him until the fulfillment or performance of some act or condition.

ESTATE: The degree, quantity, nature and extent of interest, which a person has in real property.

EXECUTION: The signing of an instrument or legal document.

EXECUTOR: A person appointed in a will to carry out its provisions. They must be approved by the probate court before they may act.

EXTENDED COVERAGE: The assumption of more risks by the Company in an owner's or loan policy than are covered in a standard title insurance policy.

EXTENSION AGREEMENT: A contract, between the owner of the mortgaged property and the owner of the mortgage note, which retards or "extends" the maturity of the note.

FEDERAL HOUSING ADMINISTRATION (FHA): A division of the department of Housing and Urban Development. Its main activity is the insuring of residential mortgage loans made by private lenders. It sets standards for construction and underwriting and establishes requirements for servicing FHA loans.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA): A corporation created by Congress to support the secondary mortgage market. It purchases residential FHA, VA and conventional loans and is commonly referred to as Fannie Mae. FNMA may set requirements under which loans may be serviced or assumed.

FEE SIMPLE: The absolute and outright ownership of real property, more commonly designated simply as the fee.

FHA INSURANCE: Loans guaranteed by the Federal Housing Administration carry insurance, which provides protection for the lender. Losses are taken out of the FHA general insurance fund. It does not provide protection for the mortgagor. The premiums can be paid at closing or as part of the regular monthly payment.

FHLMC: Federal Home Loan Mortgage Corporation.

FIDUCIARY: Relationship of trust between agent and his principal.

FIXED RATE MORTGAGE: A mortgage on which the interest rate is set for the term of the loan.

FNMA: Federal National Mortgage Association.

FORECLOSURE: A court process instituted by a mortgagee or lien creditor to defeat any interest or redemption, which the debtor-owner may have in the property.

GENERAL WARRANTY: A covenant in the deed whereby the grantor agrees to protect the grantee.

GNMA: Government National Mortgage Association.

GOOD FAITH ESTIMATE: An estimate of charges in connection with a loan made at the time of application for the loan.

GRANTEE: A person to whom real estate is conveyed (the buyer) by deed.

GRANTOR: A person who conveys real estate by deed (the seller).

GUARANTEED: Mortgage guaranteed by third parties or collateral.

GUARDIAN: A person to whom the law has entrusted the custody and control of the person or estate, or both, of a minor or incompetent person.

GUARDIAN AD LITEM: Represents a minor's interest in a court proceeding.

HAZARD INSURANCE: Insurance for protection of the customer against loss due to fire, windstorm and other hazards. This coverage is usually included in a homeowner's policy, which may include personal liability and theft.

HEIRS: Those who are entitled by law to inherit the property of a deceased person.

HOMEOWNER'S INSURANCE: Same as Hazard Insurance.

HUD: Department of Housing and Urban Development. It is responsible for the implementation and administration of government housing and urban development programs. The broad range of programs includes community planning and development, housing production and mortgages, and equal opportunity in housing.

HUD FORM 1: Settlement statement approved for RESPA involved closings by Housing and Urban Development regulatory agency of the government.

INCOMPETENT: One determined not able to handle their own affairs.

INDEX: A published interest rate against which lenders measure the difference between the current interest rate on an adjustable rate mortgage and that earned by other investments (such as one year U.S. Treasury security yields), which is then used to adjust the interest rate on an adjustable rate mortgage up or down.

INHERITANCE TAX: A state tax levied against those who inherit real or personal property or receive it under the provisions of a will. There are exemptions from this tax, depending upon the relationship or non-relationship of the beneficiaries to the decedent.

INTESTATE: Without a will; a person who has died without leaving a will.

JOINT TENANCY: A type of ownership whereby, upon the death of a joint tenant, his interest passes automatically to those who held title in joint tenancy with him.

JUDGMENT: An order of court, usually directing that one party to a suit pay a sum of money to another party.

LEASE: A contract, written or oral, for the possession of lands and tenements on the one hand and a charge of rent or other income on the other hand.

LEASEHOLD: An estate in realty held under a lease.

LEGAL DESCRIPTION: A description recognized by law, which is sufficient to locate and identify the property without oral testimony.

LESSEE: A person to whom property is rented under a lease. (tenant)

LESSOR: One who rents property to another. (landlord)

LIEN: A claim upon a piece of property for the payment or satisfaction of a debt or obligation.

LIFE ESTATE: An interest in property only during the lifetime of the holder or for the duration of another's life, to the use of or income from the property.

MARGIN: The amount a lender adds to the index on an adjustable rate mortgage to establish the adjusted interest rate.

MARKETABLE TITLE: Such a title that will assure the purchaser the quiet and peaceful possession and enjoyment of such property. A title where there is no reasonable doubts.

MECHANIC'S LIEN: A lien created by statute which exists in favor of persons who have performed work or furnished materials in the erection or repair of a building.

MORTGAGE: A conditional transfer of real property as security for the payment of a debt or the fulfillment of some obligation. Note is secured by a mortgage.

MORTGAGEE: A person to whom property is conveyed as security for a loan made by such person. The creditor.

ORIGINATION FEE: The fee charged by a lender to prepare loan documents, make credit checks, and inspect the property.

PARTYWALL: A wall for the common benefit and use of two owners, their property being separated by the wall and each depending on it for support.

P.I.Q.: Premises in question. Term used in reference to a particular parcel of real estate under examination. No longer applicable use "the land".

PLANT: The accumulation in one place of abstracts, searches, surveys, indices, atlases and all reference material which was used in support of our opinion to insure in the past and which is a source of information for use on current or future transactions. Place where an opinion can be produced without the use of outside records.

POWER OF ATTORNEY: An instrument, which authorizes another to act on one's behalf as his or her agent or attorney.

PRINCIPAL: The amount of debt, not counting interest, left on a loan.

PROBATE PROCEEDINGS: Proceeding in the Probate Court respecting the admission and proof of wills and the administration of estates of deceased persons, incompetents and minors.

PURCHASE MONEY MORTGAGE: A mortgage given by a grantee to the grantor in part payment of the purchase price of real estate.

QUIET ENJOYMENT: The right of an owner to the use of property without interference of possession.

QUIET TITLE: A court action brought to establish title and to remove an issue on the title.

QUIT CLAIM DEED: A deed given when the grantee already has or claims complete or partial title to the premises and the grantor has possible interest without making any warranties as to ownership, encumbrance or possession.

RESPA: Federal regulation dealing with disclosures of costs. Real Estate Settlement Procedures Act.

REALTOR: Licensed broker-member of local, state and national real estate boards.

RECORDED INSTRUMENTS: Documents filed in the public office of the Recorder Of Deeds and, therefore, are of notice to the public.

RE-INSURANCE: The underwriting process whereby two or more insurers each assume part of the risk.

SECTION: A section of land established by government survey and containing 640 acres (One square mile).

SETBACK: The distance from curb or other established line, within which no building may be erected.

SPECIAL ASSESSMENT: A tax levied upon real estate for public improvements such as sidewalks, water mains, streets, etc.

SUBDIVISION: A tract of land divided into lots suitable for home building purposes.

SUBORDINATION AGREEMENT: An instrument which makes one lien inferior or subordinate to another. Thus a judgment lien recorded February 1, would have higher lien priority than a mortgage recorded March 1, but the judgment creditor could, if he wishes, subordinate the lien of his judgment to that of the mortgage.

SUBORDINATION CLAUSE: A clause in a mortgage or lease stating that rights of the holder shall be secondary or subordinate to a subsequent encumbrance.

SUBSTITUTION IN LIABILITY: Lender agrees to let buyer assume loan and assume all responsibility for original borrower. Most common use VA loans, assuming veteran substitutes his eligibility to relieve the original veteran borrower, allowing his reinstatement.

SUB-SURFACE RIGHTS: The rights to ownership of everything beneath the physical surface of the property.

SURVEY: The physical inspection, measurement and delineation of real property and the improvements thereon and the drawing showing the results of above.

TAXES: The term taxes or general tax relates to a tax on real estate. It is levied by cities, towns, villages, school districts, etc. within the county.

TAX DEED: A deed for property sold at public sale by a political subdivision, such as a city, for non-payment of taxes by the owner.

TENANCY IN COMMON: Ownership by two or more persons who have the same kind of interest but not necessarily the same proportion with no right of survivorship.

TENANT: A person who holds real estate under the owner's permission.

TENANTS BY THE ENTIRETIES: Joint tenancy for husband and wife where survivor automatically acquires title to deceased spouses share.

TESTATE: The category of a decedent who dies leaving a will.

TESTATOR: One who has made a will.

TITLE: Evidence of ownership which refers to the quality of the estate. A legal right to the ownership and possession of property.

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

TOWNSHIP: A territorial subdivision, six miles wide and containing 36 sections, each one square mile.

TRUSTEE'S DEED: Used in the event of foreclosure in Missouri.

VETERANS ADMINISTRATION (VA): Government agency credited for the promotion of borrowing for and lending to Armed Forces personnel and veterans of foreign wars at a reduced rate of interest and up to 100% loan-to-value ratio with a guarantee of the Administration.

WARRANTY DEED: One that contains a covenant that the grantor will protect the grantee against any claimant.

ZONING: The right of a municipality to regulate and determine the use of a property.