

LET'S TALK TITLE

key terms to understand on your title report

While a broad variety of items may be included in a title report, here are some of the most common, along with a description of what they mean. If you have questions on these items or additional items not covered here, CW Title and Escrow teams are here to help you.



VESTING

On the front page of a title report, you'll see the name of who is vested in title. In the majority of cases, this will be the seller. Typically it's an individual person, a combination of people, a trust or a business. This usually tells you who can sign the contract on behalf of the sale. Sometimes a title company will need to gather more details to verify who can sign, such as information on an estate, divorce or marriage, or documents from a trust or business.

LEGAL DESCRIPTION

This is the legal way to describe the property as approved by the county. All legal documents use the legal description (whereas the post office would use the mailing address). It's used on the deed transferring title to the new owner, on the deed of trust if there's a loan on the property, and in other official documents to describe the location and legal parameters of the property.

PROPERTY TAXES AND ASSESSMENT

The assessed value is the value the county places on the property for taxation purposes. This is often different from the market value. The annual tax obligation is based on the approved tax rate for that area (it varies by county, city, school district) as applied to the assessed value. For detailed information, you can go to the website of the tax assessor for the county in which the property is located.

EASEMENTS

Easements are the rights granted to others to use the property for specific purposes. Typically the homeowner cannot block access to the person who's been granted the easement, so it's important to understand where the easements are if there are plans to expand the property. Typical easements are for utilities and shared sewers, but they may also be for a driveway shared with a neighbor, a view easement or other reasons.

DEED OF TRUST

A deed of trust is the document that makes the home collateral for a loan. It discloses the original loan amount, some terms of the loan and the reasons a lender could foreclose on a property. It does not show the current balance of the loan; it just reflects the original loan amount. There can be more than one loan on a home. If a home is paid off or was purchased without a loan, typically there will be no deed of trust on the title report.

MAINTENANCE AGREEMENTS

You may see this on an easement or other shared amenity (private road, sewer or driveway, for example). This will outline the financial or other obligations for maintenance.

PROBATE

If a seller has passed away, there may be a probate on the title report. This is a court case to take care of the financial affairs of the deceased. The probate info will typically say who can sign on behalf of the estate. An estate may choose not to go through the probate process, in which case the title company will work with the heirs to determine who can sign on behalf of the deceased party's estate.

JUDGEMENTS AND LIENS

These are monetary items that attach to the subject property. These can include federal tax liens, DSHS liens, labor liens (for work done on the property), divorce judgments and more. These can often be taken care of out of the proceeds of the sale. If there is a dispute about a payoff, it needs to be taken care of prior to closing. NOTE: In some cases, the judgment or lien is for someone else with the same common name. This is usually cleared up with a Statement of Identity form that is filled out to correctly identify the person in question.

CC&RS

This stands for "covenants, conditions and restrictions." They can range from dozens of pages or more for a condominium to a mention of a small item on an old deed. CC&Rs are not necessarily red flags on a title report, but if there is anything in them that interferes with the way a buyer intends to use a property, then that would be important to know up front.

PLAT OR SHORT PLAT

A plat is the way a larger piece of property is broken into smaller lots for development. A plat can be very old (such as older neighborhoods in the area) or very new (such as a new town house development). It is basic information the developer recorded with the county in order to get the plat approved. Sometimes those plats contain CC&Rs, easements, parking information and other important details.

There are many other items that may show up on a title report, such as bankruptcies, lawsuits, encroachments, on-site septic notices, environmental/landslide area information, divorces and notices of foreclosures. If you see any of these on your title report and have questions, please contact CW Title and Escrow. We'll be happy to explain the information to you.