GUIDE

Negotiating Real Estate Transactions

Title and Deed Transfer

Title refers to the legal right to own, use, and dispose of real property. When a buyer acquires title, they obtain the bundle of rights that makes them the recognized owner in the eyes of the law. Title is not a physical document; it is a legal concept that is proved by a chain of recorded instruments that demonstrate the uninterrupted passage of ownership from the original grantor to the present holder. A clear title is essential because any defect—such as an undisclosed lien, an improperly recorded deed, or a competing claim—can jeopardize the buyer's ability to take possession, obtain financing, or resell the property in the future.

Deed is the written instrument that actually transfers title from one party to another. A deed must contain certain essential elements: the names of the grantor and grantee, a description of the property sufficient to identify it, a statement of conveyance (the words "grant," "convey," or "transfer"), and the grantor's signature. Most jurisdictions also require the deed to be acknowledged before a notary public and recorded in the appropriate land records office. The deed is the vehicle through which the abstract of title is updated, and it becomes the primary source of evidence for the new owner's rights.

Grantor is the party who transfers an interest in real property. In a residential sale, the grantor is typically the seller, but the term also applies to any party who conveys a portion of their ownership—such as a joint tenant who relinquishes their share. The grantor's obligations may vary depending on the type of deed used; for example, a warranty deed obligates the grantor to defend the title against all prior claims, while a quitclaim deed merely transfers whatever interest the grantor has, without any guarantee.

Grantee is the recipient of the interest conveyed by the deed. In a purchase transaction the grantee is the buyer, but the term also applies to a transferee in a gift, inheritance, or corporate reorganization. The grantee's primary concern is to receive a deed that provides sufficient protection against future challenges. The grantee will often order a title search and purchase title insurance to mitigate the risk of hidden defects.

Warranty deed is a type of deed that provides the most comprehensive set of guarantees from the grantor to the grantee. The grantor warrants that they own the property, have the right to convey it, and will defend the title against any claims that arise from before or during the grantor's ownership. The warranty deed contains several covenants, including the covenant of seisin (the grantor promises they own the estate), the covenant of quiet enjoyment (the grantee will not be disturbed by claims), the covenant of further assurances (the grantor will execute any additional documents needed to perfect the title), and the covenant against encumbrances (the property is free of undisclosed liens). Because it offers the highest level of protection, a warranty deed is the most common instrument used in residential sales financed by banks.

Quitclaim deed transfers only the interest the grantor actually possesses at the time of conveyance, without any warranties. If the grantor has no title, the grantee receives nothing. Quitclaim deeds are often used in family transactions, such as transferring property between spouses, adding a child to the deed, or clearing up title defects by “re-conveying” the property after a corrective deed is recorded. Because the grantor makes no promises, the grantee typically relies on other protections—such as title insurance—to safeguard the purchase.

Deed of trust is a three-party instrument that serves the same function as a mortgage in many states. The borrower (also called the trustor) conveys title to a neutral third party, the trustee, who holds the legal title as security for the loan. The lender (beneficiary) receives the right to foreclose if the borrower defaults. When the loan is paid in full, the trustee reconveys the title to the borrower via a deed of reconveyance. The deed of trust is recorded in the land records, creating a public lien that alerts future purchasers and lenders to the existing financial interest.

Mortgage is a two-party security instrument in which the borrower (mortgagor) pledges the property as collateral to the lender (mortgagee). Unlike a deed of trust, the borrower retains legal title, and the lender acquires a lien. The mortgage is accompanied by a promissory note that obligates the borrower to repay the loan. In most jurisdictions, the mortgage must be recorded to give notice to third parties and to establish priority among competing liens.

Promissory note is the written promise by the borrower to repay a specific sum of money, with interest, on defined terms. The note outlines the payment schedule, interest rate, maturity date, and penalties for default. Though the note does not convey title, it is a critical component of the financing package because it evidences the borrower’s debt obligation. When a note is transferred—such as when a lender sells the loan to an investor—the new holder steps into the original lender’s shoes for enforcement purposes.

Lien is a legal claim or encumbrance on real property that secures the payment of a debt or the performance of an obligation. Liens can be voluntary, such as a mortgage or deed of trust, or involuntary, such as a tax lien, judgment lien, or mechanic’s lien. The existence of a lien is typically discovered during the title search, and it must be resolved—through payment, release, or subordination—before a clean title can be transferred. In many jurisdictions, the order of priority is determined by the “first in time, first in right” rule, unless a later lien is recorded with a higher priority by agreement of the parties.

Mechanic’s lien arises when a contractor, subcontractor, or supplier provides labor or materials that improve the property and does not receive payment. The lien gives the claimant a security interest in the real estate, which can be enforced by a lawsuit and may force a sale to satisfy the debt. Because mechanic’s liens can be recorded after a sale, buyers and lenders must be vigilant in reviewing the title abstract for any recent filings that could threaten the newly acquired interest.

Tax lien is a claim imposed by a governmental authority for unpaid property taxes. Tax liens typically have priority over most other liens, even mortgages, because the tax authority’s interest is considered a public

charge. If a property tax bill remains unpaid, the government may eventually foreclose, sell, or auction the property to satisfy the debt. Title insurers often exclude tax liens from coverage unless the lien is disclosed and paid at closing.

Encumbrance is a broad term that includes any claim, lien, charge, or restriction that affects the title or the use of real property. Encumbrances can be financial, such as mortgages and tax liens, or non-financial, such as easements, covenants, and zoning restrictions. The presence of an encumbrance does not necessarily prevent a transfer, but it must be disclosed, negotiated, and, when appropriate, cleared or accommodated in the purchase agreement.

Easement is a non-possessory right to use another party's land for a specific purpose. Common examples include utility easements for power lines, access easements that provide a landlocked parcel with a driveway, and conservation easements that preserve natural habitats. Easements run with the land, meaning they bind successive owners unless they are expressly released or terminated. During a title search, easements are identified in the abstract and reflected in the deed's legal description, ensuring that the buyer is aware of the limited rights they inherit.

Covenant refers to a binding promise or restriction that runs with the land. Covenants can be affirmative (requiring the owner to do something) or negative (prohibiting certain actions). A negative covenant may forbid the construction of a fence taller than a certain height, while an affirmative covenant may require the owner to maintain a shared driveway. Covenants are recorded in the deed or in a separate instrument, and they are enforceable by the parties who benefit from them, often through a homeowners' association or a restrictive covenant holder.

Restrictive covenant is a type of negative covenant that limits the use of the property. Common restrictive covenants appear in planned developments and may dictate architectural standards, prohibit commercial activity, or require setbacks. Because restrictive covenants attach to the land, they survive transfer and bind all subsequent owners. Buyers must carefully review any restrictive covenants to ensure that their intended use of the property is not prohibited.

Affirmative covenant obligates the owner to perform a specific act, such as maintaining a private road or paying an assessment to a homeowners' association. These covenants are enforceable by the party receiving the benefit, and failure to comply can result in legal action or the loss of certain rights.

Fee simple is the most complete form of ownership, granting the holder the right to possess, use, and dispose of the property without limitation, subject only to government powers and any recorded encumbrances. A fee-simple interest can be transferred by deed, inherited, or bequeathed. In most residential transactions, the buyer receives a fee-simple estate, unless the property is subject to a leasehold or a life estate.

Leasehold is an interest in real property that exists for a defined term, typically created by a lease

agreement between a landlord (lessor) and a tenant (lessee). Leasehold interests are subordinate to the fee-simple owner's rights, and they are extinguished at the expiration of the lease term. Leaseholds must be disclosed in the title search because they affect the buyer's ability to take immediate possession and may affect financing, as lenders often require the lease to be terminated or assumed.

Life estate grants the holder—known as the life tenant—the right to occupy and use the property for the duration of their life. Upon the life tenant's death, the property passes to the remainderman, who holds a future interest. Life estates are sometimes used in estate planning to allow a parent to remain in the home while transferring ownership to children. The existence of a life estate creates a split in title that must be reflected in the deed and accounted for during a title search.

Joint tenancy is a form of co-ownership in which each owner holds an equal, undivided interest with the right of survivorship. When one joint tenant dies, their interest automatically passes to the surviving joint tenants, bypassing probate. Joint tenancy is often used by married couples because it simplifies the transfer of ownership upon death. However, the right of survivorship can be a double-edged sword if one joint tenant wishes to sell or encumber their share without the consent of the others.

Tenancy in common is another form of co-ownership where each owner holds an individual share that may be unequal and can be transferred independently. Unlike joint tenancy, tenancy in common does not include the right of survivorship; each share passes according to the owner's will or intestate succession. Tenancy in common is common in investment properties where owners may wish to sell or bequeath their interest without affecting the other owners.

Community property is a marital ownership regime used in certain states where assets acquired during marriage are owned equally by both spouses. In a community-property state, each spouse holds a one-half interest in the title, and the transfer of the entire interest may require the consent of both spouses. Understanding community-property rules is essential when drafting deeds, because failure to obtain the required spousal signatures can result in a voidable conveyance.

Tenancy by the entirety is a form of ownership reserved for married couples in a few jurisdictions. It combines the right of survivorship of joint tenancy with additional protection against creditors of one spouse. A creditor of only one spouse cannot attach the property to satisfy a debt, making tenancy by the entirety a valuable tool for asset protection. The deed must explicitly state "tenancy by the entirety" to create this special status.

Title search is the investigative process undertaken by a title examiner to trace the chain of title from the earliest recorded deed to the present. The examiner reviews deeds, mortgages, liens, judgments, tax records, and any other instruments that may affect the property's ownership. The goal is to uncover any defects, such as missing signatures, improper conveyances, or undisclosed encumbrances, and to verify that the grantor has the authority to convey the interest. A thorough title search reduces the risk of post-closing disputes.

Chain of title is the chronological sequence of transfers that establish the current ownership of a parcel. Each link in the chain—typically a recorded deed—must be examined for proper execution, delivery, and recording. Breaks in the chain, such as gaps in recording or unrecorded transfers, can create uncertainty about who holds legal title. The chain of title is documented in the abstract of title and forms the basis for the title insurer’s assessment of risk.

Abstract of title is a condensed written summary of the public records relating to a specific parcel. It lists all recorded instruments, including grants, mortgages, liens, judgments, easements, and any other documents that affect the estate. The abstract also notes the status of each instrument—whether it is active, released, or extinguished. While the abstract provides a snapshot, it does not guarantee that the title is free of defects; it merely reflects what is recorded at the time of the search.

Title opinion is a written statement prepared by a title attorney or examiner that expresses a professional judgment about the status of the title. The opinion may be “clean” (indicating no known defects) or “qualified” (identifying specific issues that must be resolved). The opinion is often required by lenders before they will fund a loan, as it outlines the risks and the steps needed to cure any defects.

Title commitment is a formal document issued by a title insurer that outlines the conditions under which a title policy will be issued. The commitment lists the current status of the title, identifies any outstanding liens or encumbrances, and specifies the actions the buyer must take—such as paying off a mortgage, obtaining releases, or correcting errors—before the policy can be bound. The commitment is a critical milestone in the closing process because it guides the parties in clearing title defects.

Title insurance is a protective policy that indemnifies the insured (typically the buyer and/or lender) against losses arising from title defects that were not discovered during the title search. The policy covers losses caused by undisclosed liens, forged signatures, clerical errors, unknown heirs, or fraudulent conveyances. There are two primary types of coverage: lender’s policy (protects the mortgagee’s interest) and owner’s policy (protects the buyer’s equity). The premium is calculated based on the purchase price or loan amount and is paid at closing.

Title policy is the actual insurance contract that defines the scope of coverage, the covered risks, the exclusions, and the endorsements. The policy is issued after the title commitment’s conditions are satisfied, and it becomes part of the public record when recorded. The policy’s “standard coverage” typically includes protection against defects in the chain of title, while “extended coverage” may add protection for matters such as unrecorded liens or zoning violations.

Standard coverage in a title policy protects against most common defects, including errors in the public record, forged documents, undisclosed heirs, and certain undisclosed liens. Standard coverage does not protect against matters that are specifically excluded, such as known easements, restrictive covenants, or matters that the buyer is aware of and accepts. Understanding the limits of standard coverage helps the buyer decide whether additional endorsements are needed.

Extended coverage is an optional endorsement that broadens protection to include risks not covered by the standard policy. Examples include coverage for encroachments, survey discrepancies, or zoning violations. Extended coverage is often recommended when the property is part of a development with complex land-use restrictions or when the buyer plans to make significant alterations that could be affected by hidden defects.

Exclusion is a specific item or circumstance that the title policy does not cover. Exclusions are listed in the policy and may include known easements, recorded covenants, or any matter that the buyer has expressly waived. Exclusions can be negotiated, but they remain part of the contract unless the insurer issues a separate endorsement to cover the excluded risk.

Endorsement is an amendment to the standard title policy that either adds coverage, modifies exclusions, or clarifies specific terms. Endorsements are commonly used to insure against particular risks such as a survey endorsement (protecting against boundary line disputes), a zoning endorsement (protecting against non-conforming use), or a lease endorsement (covering existing leasehold interests). The cost of endorsements varies based on the perceived risk and the complexity of the issue.

Recording is the act of filing a deed, mortgage, lien, or other instrument with the appropriate government office—usually the county recorder or registrar of deeds. Recording provides public notice of the instrument and establishes its priority against subsequent filings. Most jurisdictions require the instrument to be presented in its original form, signed, and acknowledged before a notary public. Failure to record can result in loss of priority or even invalidation of the conveyance.

Recording act is the statutory framework that governs how and when documents are recorded, and how priority is determined. There are three primary types of recording statutes: race, notice, and race-notice. In a race jurisdiction, the first party to record a deed wins, regardless of whether they had notice of prior claims. In a notice jurisdiction, a subsequent purchaser who records without notice of a prior unrecorded interest prevails. In a race-notice jurisdiction, the subsequent purchaser must both be without notice and be the first to record to gain priority. Understanding the applicable recording act is essential for protecting the buyer's interest, especially when competing claims exist.

Race-notice statute combines the elements of both race and notice statutes. Under this rule, a purchaser who records first and has no knowledge of any prior unrecorded interest obtains priority. Most states in the United States follow the race-notice rule, making prompt recording a critical step in the closing process.

Notice statute provides that a subsequent purchaser who records without notice of a prior unrecorded instrument prevails over the earlier interest. This rule encourages buyers to conduct thorough due diligence and to obtain title insurance before closing, because the lack of notice is a key factor in establishing priority.

Race statute awards priority to the party who records first, regardless of notice. While less common, race statutes can create a "first-to-record" race among competing claimants, making speed of recording a

strategic consideration in high-value or contested transactions.

Public record is the official collection of documents maintained by the government that reflects ownership, liens, and other interests in real property. The public record is searchable by parcel number, legal description, or grantor/grantee name. Because the public record is the authoritative source, any omission or error can have serious consequences for title validity. Title insurers rely on the completeness of the public record to assess risk.

Parcel number (also called Assessor's Parcel Number or APN) is a unique identifier assigned by the local tax assessor to each parcel of land. The parcel number is used to locate the property in the public record, to assess taxes, and to reference the property in legal documents. Accurate identification of the parcel number is essential when drafting deeds and conducting title searches, as misidentification can lead to conveyance of the wrong parcel.

Legal description is the precise way a parcel is described in a deed, often using metes and bounds, lot and block, or government survey references. A metes-and-bounds description delineates the boundaries by giving distances, directions, and reference points, while a lot-and-block description references a recorded subdivision plat. The legal description must match the one on the title abstract and the tax map; any discrepancy can cause title defects or render the deed ineffective.

Metes and bounds is a method of describing property using a series of bearings, distances, and physical landmarks. For example, "Starting at the oak tree, proceed north 150 feet, then east 200 feet to the stone wall…" This method is common in older deeds and rural areas where subdivision plats are not available. Because it relies on physical markers that may change over time, metes-and-bounds descriptions often require a recent survey to confirm accuracy.

Lot and block description references a recorded subdivision plat that divides a larger tract into smaller parcels. The description typically reads "Lot 5, Block 2, of the Smith Subdivision." This method provides a clear, standardized reference that simplifies conveyance and reduces the risk of boundary disputes. The plat must be recorded in the land records, and the lot and block numbers must correspond exactly to the recorded plat.

Survey is a professional measurement of the land's boundaries, improvements, and physical features. A survey is often required when a buyer is acquiring a property with a metes-and-bounds description, when there is a dispute over boundaries, or when a lender demands verification of the property's size and location. The survey produces a plat that can be attached as an endorsement to the title policy, providing additional protection against encroachments or boundary errors.

Boundary line dispute occurs when neighboring owners disagree over the exact location of the property line. Such disputes can arise from ambiguous descriptions, misplaced markers, or encroachments. Resolving a boundary dispute may involve a new survey, negotiation, or litigation. Title insurers often offer

a “boundary line endorsement” that covers losses resulting from a survey error, but the endorsement typically excludes disputes that were known at the time of purchase.

Encroachment is a physical intrusion onto another’s property, such as a fence, driveway, or building that extends beyond the property line. Encroachments can be inadvertent or intentional, and they may affect the marketability of the title. An encroachment can be cured by relocating the structure, obtaining an easement, or filing a boundary line agreement. If the encroachment is not resolved before closing, the buyer may inherit the problem, or the title insurer may refuse to issue a policy.

Title defect is any flaw, discrepancy, or missing element in the chain of title that could jeopardize the buyer’s ownership. Common defects include missing signatures, improperly recorded deeds, undisclosed liens, forged documents, or unknown heirs. Defects must be identified during the title search and either cured or mitigated before the deed is delivered. Failure to address a defect can lead to litigation, loss of ownership, or financial loss.

Title clearance is the process of resolving all identified defects, liens, and encumbrances to achieve a marketable title. Title clearance may involve paying off mortgages, obtaining releases from lienholders, correcting clerical errors, or negotiating with claimants. Once the title is cleared, the title insurer can issue a policy, and the parties can proceed to closing.

Title vesting describes the manner in which ownership is held, such as “sole ownership,” “joint tenancy with right of survivorship,” “tenancy in common,” or “community property.” The vesting language must be clearly stated in the deed to reflect the parties’ intentions and to determine how the property will be transferred upon death or sale. Incorrect vesting can create unintended tax consequences and probate complications.

Title transfer is the overall act of moving ownership from the grantor to the grantee, typically accomplished by delivering a properly executed deed and recording it in the public record. The transfer may also involve the discharge of existing mortgages, the issuance of a new deed of trust, and the issuance of title insurance. The entire process is coordinated by the closing agent, who ensures that all documents are signed, funds are disbursed, and recordings are made.

Closing (also called settlement) is the final stage of a real estate transaction where the parties exchange the necessary documents, funds, and recordings to complete the transfer. At closing, the buyer signs the deed, the seller signs a deed of release for any existing mortgages, the lender signs a mortgage or deed of trust, and the closing agent prepares a settlement statement that details all costs, credits, and adjustments. The closing agent also coordinates the recording of the deed and any related instruments, and delivers the title insurance policy to the buyer and lender.

Settlement statement is a detailed accounting of all financial aspects of the transaction, including purchase price, loan amounts, prorated taxes, escrow deposits, title insurance premiums, recording fees, and any

seller-paid credits. The statement may appear as a HUD-1 Settlement Statement for certain transactions or as a Closing Disclosure for loan-originated purchases. Both the buyer and the lender review the settlement statement to ensure that all amounts are accurate before the funds are disbursed.

HUD-1 Settlement Statement is a standardized form used for most real-estate transactions involving a mortgage, required by the Department of Housing and Urban Development. The HUD-1 itemizes every charge and credit to both buyer and seller, providing transparency and compliance with federal regulations. The form is being replaced by the Closing Disclosure for most residential loans, but it remains in use for certain commercial and cash transactions.

Closing Disclosure is the modern consumer-friendly form required by the Truth in Lending Act for most mortgage loans. It presents the loan terms, projected payments, and all closing costs in a clear format, and it must be provided to the borrower at least three business days before closing. The Closing Disclosure replaces the HUD-1 for most consumer loans, but the underlying concepts of itemized costs remain the same.

Escrow is a neutral third-party arrangement in which funds, documents, and instructions are held until the conditions of the transaction are satisfied. In a typical residential sale, the escrow agent receives the buyer's deposit, the seller's deed, and the lender's loan documents, and then disburses them after the deed is recorded and the title insurer issues the policy. Escrow also protects against fraud by ensuring that no party receives money or title until all contractual obligations are met.

Escrow account is a separate account held by the escrow agent (often a title company or attorney) where the buyer's earnest money deposit, loan proceeds, and seller's proceeds are temporarily held. The account is reconciled at closing, and any excess funds are returned to the appropriate party. The escrow agent also pays out the recording fees, title insurance premiums, and other disbursements on behalf of the parties.

Earnest money deposit is a sum of money paid by the buyer to demonstrate serious intent to purchase the property. The deposit is typically held in escrow and applied toward the purchase price at closing. If the buyer breaches the contract without a valid contingency, the seller may be entitled to retain the earnest money as liquidated damages. Conversely, if the seller defaults, the buyer may recover the deposit.

Contingency is a condition in a purchase contract that must be satisfied before the parties are obligated to proceed. Common contingencies include financing, appraisal, inspection, and title review. If a contingency is not met, the contract can be terminated without penalty, and the earnest money is returned to the buyer. Contingencies provide a safety net, but they also affect the timing of the closing and the buyer's ability to secure financing.

Financing contingency allows the buyer to back out of the contract if they cannot obtain a loan on acceptable terms. The buyer typically has a set period—often 10 to 21 days—to secure a loan commitment. If the loan is denied, the buyer can terminate the contract and recover the earnest money. Sellers may

negotiate a higher purchase price or a shorter contingency period to minimize the risk of a buyer's financing falling through.

Appraisal contingency protects the buyer if the appraised value of the property is less than the agreed purchase price. The buyer can renegotiate the price, request a reduction, or walk away and retain the earnest money. Lenders usually require an appraisal to ensure that the loan amount does not exceed the market value, making this contingency critical for loan approval.

Inspection contingency gives the buyer the right to conduct a home inspection and request repairs, credits, or price adjustments based on the findings. If the inspection reveals significant defects, the buyer can negotiate with the seller to remedy the issues or can terminate the contract. The inspection contingency typically has a short deadline to keep the transaction on schedule.

Title contingency allows the buyer to review the title commitment and require the seller to clear any defects before closing. If the seller cannot cure the defects—for example, by paying off a lien or obtaining a release—the buyer may terminate the contract. The title contingency is essential for protecting the buyer's ownership rights and ensuring that the title insurer will issue a clean policy.

Due diligence is the comprehensive investigation performed by the buyer, lender, or their representatives to verify the condition, value, and legal status of the property. Due diligence includes reviewing the title commitment, conducting a physical inspection, analyzing zoning and land-use restrictions, evaluating environmental reports, and confirming the accuracy of the property's tax assessments. Proper due diligence reduces the risk of unforeseen liabilities after closing.

Environmental report (often a Phase I Environmental Site Assessment) evaluates the property for potential contamination, such as underground storage tanks, hazardous waste, or previous industrial use. The report is typically required by lenders and may be mandated by local regulations when the property is being developed or repurposed. If contamination is discovered, the buyer may negotiate remediation costs, request a price reduction, or walk away from the deal.

Zoning refers to the municipal regulations that govern how land can be used—residential, commercial, industrial, agricultural, or mixed-use. Zoning ordinances also dictate building heights, setbacks, density, and parking requirements. A buyer must verify that the intended use of the property complies with local zoning, as non-compliance can lead to costly variances or enforcement actions. Zoning information is typically recorded in the public record and can be confirmed through a zoning certificate or a land-use map.

Land-use restriction includes any limitation placed on the property that affects its development or use, such as a conservation easement, a historic preservation ordinance, or a subdivision restriction. These restrictions are usually recorded in the deed or a separate instrument and become part of the title. Buyers should review these restrictions carefully, because they may limit the ability to expand, subdivide, or alter the property.

Conservation easement is a voluntary, legally binding agreement that permanently limits the development rights of a property to protect natural resources, wildlife habitats, or open space. The easement holder—often a land trust or government agency—retains the right to enforce the easement's terms. While a conservation easement can lower the market value of the property, it may also provide tax benefits to the donor. The easement must be recorded in the land records to be enforceable against future owners.

Historic preservation ordinance is a local regulation that protects buildings or districts with historic significance. The ordinance may require owners to obtain approvals before making alterations, demolitions, or additions. Non-compliance can result in fines or legal action. Buyers of historic properties should be aware of these requirements, as they affect renovation costs and future use.

Subdivision plat is a map that divides a larger tract of land into smaller lots, streets, and common areas. The plat is recorded with the land records and forms the basis for lot-and-block descriptions. Subdivision plats may also include easements, rights-of-way, and restrictions that affect each lot. Reviewing the plat is essential to understand the layout, access, and any shared responsibilities among lot owners.

Right of way is an easement that grants a party the legal right to travel across another's land, typically for access to a landlocked parcel. Right-of-way easements are recorded in the deed and may be limited to a specific portion of the property. Failure to recognize an existing right of way can lead to disputes or legal actions after the sale.

Restrictive covenant (also called a deed restriction) is a negative covenant that limits the use of the property. It may prohibit certain types of construction, require specific architectural styles, or restrict commercial activity. Restrictive covenants are enforceable by the parties who benefit from them, often a homeowners' association. Buyers should assess whether the covenants align with their plans for the property.

Affirmative covenant obligates the owner to perform an action, such as maintaining a driveway, paying for street lighting, or contributing to a community reserve. These covenants are recorded and run with the land, meaning each successive owner must fulfill the obligation. Violations can result in legal actions or liens for unpaid assessments.

Right of first refusal is a contractual right that gives a designated party—often a neighbor or a co-owner—the opportunity to purchase the property before the seller can accept an offer from a third party. This right is usually recorded in the deed or a separate agreement and can affect the marketability of the property. Buyers should be aware of any existing right of first refusal because it may delay or complicate the transaction.

Encumbrance exception is a clause in the title commitment that lists specific encumbrances that the title insurer will not cover. Typical exceptions include recorded easements, covenants, and liens that are disclosed and accepted by the buyer. Understanding the exceptions is crucial, because any unlisted

encumbrance may still be covered, while listed exceptions are the buyer's responsibility.

Title binder is a temporary commitment issued by a title insurer that provides provisional coverage pending the issuance of a formal policy. The binder is often required by lenders to proceed with loan funding while the final title work is completed. The binder outlines the conditions that must be satisfied before the full policy is issued, and it is usually effective for a limited period (e.g., 30 or 60 days).

Title abstractor is the professional who prepares the abstract of title by reviewing the public records and summarizing the relevant documents. The abstractor's work forms the foundation for the title examiner's analysis and