

## *ALTA's Land Title Institute - Title 101*

# Chapter 1:

## What is a Title?





## Table of Contents

Table of Contents.....	2
Acknowledgements.....	3
Chapter Overview .....	3
Learning Objectives.....	4
Introduction .....	4
What is a Title?.....	6
Real Property and Personal Property .....	8
How Titles Are Created .....	10
Deeds .....	10
Leases.....	13
Wills.....	13
Inheritance .....	14
Court Decrees .....	14
Titles by Operation of Law .....	15
The Nature of a Chain of Title.....	16
Possible Defects in a Chain of Title .....	18
How Title Losses Occur .....	19
Conclusion.....	22
Learn More.....	23
Additional Resources .....	24

## Acknowledgements

ALTA and LTI acknowledge the valued efforts and contributions of many volunteers who, over the years, have made Title 101 an industry standard for basic introductory education for land title industry professionals. In particular, the ALTA Education Committee has been instrumental in the continuing success of LTI and Title 101.

## Chapter Overview

This chapter explores several foundational principles and defines a number of key terms relative to the land title business. In addition to learning what exactly a title is, you'll also be introduced to basic concepts like real property and personal property. As the nucleus of the title business and the foundation of all wealth in our society, real estate plays an important role in this chapter. Specifically, you'll be introduced to a variety of common ways in which titles for real property (such as real estate) are created. You will also learn more about the links in the chain of title, defects that could break those links, and a variety of common scenarios that could ultimately result in a title loss.

## Learning Objectives

After reading this chapter and successfully passing the corresponding quiz, students should be able to:

- (1) Define the word “title” as it relates to the land title industry.
- (2) Differentiate characteristics of real property from personal property.
- (3) Explain the six principal types of deeds that convey ownership.
- (4) List five instrumentalities, other than deeds, that create titles.
- (5) Identify 13 possible defects in a chain of title.
- (6) Describe five scenarios that could result in a title loss.

## Introduction

You are about to set sail on a voyage exploring the land title business. Some of you are old salts, having previously sailed these seas. Others have waded around in shallow water, acquiring only some basic knowledge about this subject. Still others have yet to leave dry land, ensuring many uncharted waters lie ahead.

The land title business is technical. In many respects, it is scientific. While closely related to law, engineering, and accounting, it has distinguishing characteristics which set it apart from each of these professions. Individuals entering the title business soon realize they are not going to work for just any company. They have chosen a highly-respected, dignified vocation which is vital to the economy. Ultimately, the land title business requires qualified professionals to take responsibility for determining ownership of real estate – the foundation of all wealth. In

other words, real estate is the nucleus of the title business and the foundation of all wealth in our society.



The land title business has its own language. It is laced with a multitude of words, phrases, terms, and idioms beyond the comprehension and vocabulary of the uninitiated rookie. Perhaps the greatest difficulty in acquiring title industry knowledge lies in comprehending the language. Comprehension involves not only an understanding of key words and definitions, but involves a visualization of the operational functions to which such terms apply. Besides the Glossary, which is included in this course and may be printed for easy reference, you should frequently consult a good dictionary as you read through each chapter comprising this course. You will no doubt encounter subjects and terms with which you are not entirely familiar, providing tremendous opportunity to learn something new about the land title business.

We learn that history is of prime importance at an early age. The past is the yardstick by which we measure the present and predict the future. Each of us should be knowledgeable about the historical background of our employer. At the very least, we should know basic details about the organization's origin, growth, and subsequent development. You are likely proud of your company; however, your pride should be based not only upon knowledge of the present, but should be enriched by knowledge of the past.

## What is a Title?

A question you're bound to hear repeatedly throughout your career from friends, neighbors, and family members is: "What is a title?" From time to time, you may have even shared the following reply: "Something you are supposed to get when you buy land." And while it may seem like a simple and relatively unsophisticated response, you would be correct for two reasons. First, the key words here are "supposed to." Second, a title is indeed what you get when you buy land.

Real estate titles are precarious. Many times, people do not get titles – like they are "supposed to" – when they purchase land. While it may seem like a distinction without a difference, it is true that what you actually get when you buy land is the title and not the land itself. No one can pick up a piece of land and hand it to you. You cannot put it in your pocket or carry it away. All that you get is the title. Specifically, that title gives you the right to enter upon the land and to possess, occupy, use, control, enjoy, and dispose of the land as you so desire.

In the land title business, you must develop a vivid sense of imagination as many concepts exist which are real, but which you cannot see, touch, or feel. Such things exist because the law not only establishes them, but it describes them, their characteristics, and their effects, as well. A title is of this nature. It is said that a title comprises a bundle of rights and that such rights may vary from title to title. A "right" may be a term more familiar to you than "title." As a citizen, you have many rights, but you cannot see or touch them. Courts and lawyers speak of good titles, bad titles, defective titles, perfect titles, and even marketable titles, yet no one has ever seen a title. Of course we have seen "evidence of a title," such as a deed, a will, or a court decree (which passes a title from one person to another), but no one, except in his or her own imagination, has ever actually seen a title.



A title to real estate is basically the rights of ownership recognized and protected by the law. The word "entitle" is a derivative of the word "title." If you say that a person is entitled to something, it means that he or she has the right to own and possess it. If you say that a person holds title to a piece of real estate, you are saying, in effect, that such person has the right to possess, occupy, use, control, enjoy, and dispose of the real estate. In some cases, the rights of ownership are almost absolute. In others, some rights in the property do not pass to the purchaser, but remain outstanding and are held by third parties. In the latter cases, the ownership rights of the purchaser and their title are limited or restricted. We use the term "almost absolute" because there is no such thing as an absolute title to real estate held by an individual. If nothing more, there is always the right of governments to tax and take the land for defaulted taxes, to regulate and restrict the use and occupancy of the land, and to condemn and take the land under the powers of eminent domain. Likewise, we frequently find absolute ownership diminished by outstanding rights held by third parties (e.g., easements across the property for underground or overhead utilities) and we often find the rights of ownership restricted by what are commonly called "subdivision restrictions."

The word "title" is applicable to virtually every interest in real estate which a person may own. If a person can own it, that person can hold title to it. As stated above, title to anything constitutes rights of ownership recognized and protected by the law. Estates and interests in real estate vary in effect, extent, and quality. The highest quality estate which a person can have in real estate is known as a "fee simple estate," a "fee simple interest," or a "fee simple title." These three terms may be used interchangeably. "Fee simple" is an old English term brought over by the early colonists. Generally speaking, it means unqualified ownership of land with unqualified power of disposition. Unqualified ownership does not mean that such ownership cannot be subject to outstanding encumbrances and interests of a lower quality than fee simple. A person may hold a fee simple title to real estate, but such a title may be subject to easements, mortgages, restrictions, leases, mining rights, and numerous other rights and interests.



The further one goes in explaining titles, the more technical and involved the subject becomes. We are now at the threshold of legal technicalities. While much more could be said about titles, we believe this is the point in the course at which we should move on to another subject before getting too bogged down in the legalities. Now when someone asks you, "What is a title?" you can confidently answer, "It is the bundle of rights of ownership of real estate recognized and protected by the law, including the right to possess, occupy, use, control, enjoy, and dispose of the real estate." That "bundle of rights" is called a title.

## Real Property and Personal Property

The two classes of property with which people are generally familiar are: (1) real property and (2) personal property. These two classes of property have characteristics entirely different from one another. Real property, which is basically land, is permanent, immovable, and indestructible. Personal property, on the other hand, is usually impermanent, movable, and destructible, and may range from paper clips to airplanes. In the title business, we have very little to do with personal property. Title companies generally deal with real property. However, at the risk of appearing contradictory, real estate leases are handled by title companies and many states courts hold a lease to be personal property even though it creates an interest in real property. This is just one of those inscrutable fictions of law which we learn to accept because the courts have deemed it so.

The terms "land" and "real estate" are often used interchangeably, but they are not quite synonymous. Land is the ground composing the crust of the exposed surface of the earth and, of course, is real property. The term "real estate" encompasses more than just land. It also includes things of a relatively permanent nature embedded in or attached to the land which is intended to





be real property, such as trees and buildings. Here the word "intended" is significant. When a building is constructed, all of the lumber and other building materials are personal property. When such materials are incorporated into a building, they are converted, by operation of law, into real property unless the owner clearly makes known his or her intention that such building, when constructed, and such trees, when planted, are to remain personal property. Whether a tree or a building is part of the real estate depends upon the intent of the owner. In the absence of proper notice of the owner's intent to the contrary, the law presumes that trees and buildings are a part of the real estate. Although a building or a tree has become a part of the real estate, it is possible for the owner to change its status to personal property by selling it with the intent that it shall be moved from the real estate to which it is attached. So when you see a tree or a house being moved, you will know that it has lost its real property status and has taken on the characteristics of personal property.

Since the earliest days of our civilization, real estate has stood apart from other forms of property. Early lawyers and judges were so intrigued with its peculiar characteristics that they formed a separate body of law applicable to it – Real Property Law. The relatively permanent, immovable, and indestructible features of real estate, together with its adaptability to a myriad of uses, have resulted in it occupying a preeminent position in civilized society. More money is invested in real estate than in any other form of property, and more mortgage loans are secured by real estate than by any other type of security.

The characteristics of permanence and immovability make it possible and convenient for numerous people to hold different, simultaneous, and concurrent interests in the same piece of land. Its adaptability to use has resulted in the creation of innumerable rights, interests, and estates. As both society and the economy have progressed, land has been utilized to serve more ends. As the use of land has increased, possible rights have multiplied and the resulting title implications have become more intricate and involved.

## How Titles Are Created

We have previously explained that a title consists of a group or bundle of ownership rights, such as the rights of possession, occupancy, control, use, enjoyment, and disposition; that the law recognizes the existence, validity and extent of such rights; and that the courts will protect and preserve such rights (or title) on behalf of the owner. It should now be apparent that "title" and "rights of ownership" are practically synonymous. Since "ownership" is probably a more familiar term than "title," this subject heading might easily be changed to read, "How Ownerships in Real Estate Are Created."



Briefly stated, ownerships (and consequently, titles) are created by deeds of conveyance, leases, wills, inheritance, court decrees, and operation of law. In the following sections, each of these methods is explained in more detail.

### Deeds

A deed is a written contract or agreement between a seller (also called the "grantor") who signs the deed and a purchaser (also called the "grantee") to whom the deed conveys real estate. However, a deed should be signed only by the grantor (seller). For this reason, it is called a unilateral agreement. For a deed to be valid, its execution must conform to several legal

technical requirements with respect to signatures, witnesses, seals, acknowledgments, delivery, and land description. Such requirements vary from state to state. We suggest you ask an experienced colleague in your state to explain these requirements to you. If possible, obtain samples of all forms of deeds used in your state and ask for explanations.

There are several kinds of deeds. The six principal types are:

- (1) Warranty Deeds;
- (2) Special Warranty Deeds;
- (3) Bargain and Sale Deeds (also known as a Deed Without Warranty or a Fee Simple Deed);
- (4) Quit Claim Deeds;
- (5) Deeds Issued by Judicial and Governmental Officials; and
- (6) Deeds Made by Fiduciaries.

In a **Warranty Deed**, the grantor (seller) who signs the deed says, in effect, to the grantee (buyer), "I warrant (guarantee) that I have good title to the land, there are no material defects in my title, and there are no outstanding interests held by third parties; that there are no mortgages, unpaid taxes, or other liens or encumbrances outstanding on the land; that I have good, right, and lawful authority to sign and deliver this deed; and that this deed conveys to the purchaser good, indefeasible title to the land."

In a **Special Warranty Deed**, the grantor (seller) says, in effect, to the grantee (buyer), "I only warrant (guarantee) that I have done nothing to make the title bad, defective, or encumbered

while I have owned it; that I have good, right, and lawful authority to sign and deliver this deed; and that the title which this deed conveys is good and clear insofar as my actions are concerned."

In a **Bargain and Sale Deed** (also known as a **Deed Without Warranty** or a **Fee Simple Deed**), there is an implication that the grantor (seller) owns the real estate. In such a deed, the grantor (seller) says, in effect, to the grantee (buyer), "I bargain, sell, transfer, and convey to you the real estate described in this deed. I make no representations or warranties with respect to title or anything else."

In a **Quit Claim Deed**, there are no warranties, representations or even an implication that the grantor (seller) owns or holds title to the land or to any particular interest in it. In such a deed, the grantor (seller) simply says to the grantee (buyer), "I surrender to you, quit claim, and abandon all claims and interests, if any, which I may have in the land described herein." While quit claim deeds are seldom used to convey title, in most states such deeds, like Bargain and Sale Deeds, will pass title to the grantee (buyer) if the grantor (seller) owns the land.

**Deeds Issued by Judicial and Governmental Officials** convey title to purchasers at various types of judicial and governmental sales. In most states, tax deeds are common. A sheriff's deed is frequently issued in connection with the sale of property when a debtor is unable to pay a judgment and law enforcement is required to assist the court in executing the judgment. A form of deed, called Letters Patent, is issued both by some states and by the federal government to initially convey public lands to private individuals.

There are also **Deeds Made by Fiduciaries**, including trustee deeds, executor deeds, and guardian deeds. Such deeds only convey the interest in the property which the

grantor (seller) controls and do not warrant the title. Deeds, regardless of their type, usually create titles acquired by the grantees (buyers).

## Leases

Leases of real estate transfer a leasehold interest in real estate for a term of years from a lessor (owner) to the lessee (tenant). Courts in many states often hold that leases are personal property. Throughout the country, however, title insurance companies may issue title insurance to lessees (tenants) on their leasehold estates or interests. Regardless of the fictions of law, in the land title industry we regard the lessee (tenant) as holding title to an insurable interest in real estate. Therefore, we must include the lease among the instrumentalities creating titles. Warranty provisions may be written into a lease similar to those contained in a warranty deed.

## Wills

Most people have a fairly clear concept of a will. A person who makes a will is called a testator. Wills are made during the life of the testator and provide for the disposition of property upon death. Wills take effect only upon the death of the testator. At any time before his or her death, a testator may cancel, revoke, or amend the will by signing an amendment called a codicil. In a will, the provision which passes title to real estate is not called a “conveyance” as it is in a deed. Rather, it is called a “devise”, and the person designated to receive real estate is called the devisee. While requirements regarding the execution (e.g., signing and witnessing) of a will vary somewhat from state to state, such requirements are not quite as technical as those relating to the execution of a deed. It is important to note that a provision in a will devising real estate may be valid and effectual without specifically describing the real estate itself. For example, Terry Thompson’s will might say, "I devise to my nephew, Bob Baker, all of my real estate in

Washington County,” and such a provision is effective in a will even though, in some states, such a description would not be sufficient in a deed. Of course, there may be a little difficulty finding and identifying all of Terry Thompson’s property in Washington County, especially if he had the habit of putting his deeds in an attic trunk instead of recording them. The situation may be complicated further if the old house were to burn down, including the trunk and its contents.



## Inheritance

If a person dies without leaving a will, they are said to die "intestate" and their property passes to their heirs according to the laws of descent and distribution. In other words, their heirs inherit their property by operation of law. Laws of descent and distribution specify the relative of the deceased person first in line to inherit. These laws specify, according to degrees of kinship, the order in which other relatives are entitled to inherit. Titles to real estate frequently pass from deceased persons to their heirs in this manner.

## Court Decrees

Some courts have the power and authority to determine that the title to certain real estate is, by virtue of decree, either: vested in (held by) or transferred to a certain person. This



frequently happens in divorce cases where property is held jointly by the married parties, and the court subsequently decides that only one party is entitled to the property. It also happens in “quiet title” and “ejectment” suits where a person succeeds in convincing the court that he or she is the rightful owner of the real estate. It happens again in cases where "Person A" takes "Person B's" money and buys real estate, taking title in "Person A's" name. Subsequently, the court decides that "Person B" actually owns the property.

Because people are accustomed to seeing titles conveyed by a deed, the courts, in entering a decree such as the one described above, will often require the person who apparently holds the title to make a deed to the person whom the court says is entitled to the real estate. In these situations, courts often require that if the person fails to make the deed within a given timeframe, an officer of the court will be directed to make the deed. In some states, particularly in cases of judicial sales of property (such as mortgage foreclosures and partition suits), a deed is made by an officer of the court to the purchaser.

## **Titles by Operation of Law**

Under the provisions of a law, if a title to real estate passes from one person to another without anyone having to sign a deed or other instrument of conveyance, the title is said to pass by operation of law. For example, in the event a deceased person does not leave a will, then title to their property passes to their heirs by operation of law. There are a number of other situations in which a title passes to a new owner by operation of law. In many states, a title to real estate can be acquired by adverse possession. Additionally, various governments may acquire the title to real property through exercise of the powers of eminent domain. Governments may also acquire a title to real property through the operation of the law of escheat. On occasion, the federal government has conveyed land to the states by a simple Act of Congress, and states have

conveyed land to the railroad builders and similar enterprises by a simple state statute. Examples aside, it's important to remember that titles can be created rather simply by operation of law.

## The Nature of a Chain of Title

Title to all land in this country was originally held by some nation or government. Nations acquired this land by discovery, conquest, and purchase.



Nations (including the United States) which held title to this land eventually conveyed tracts both large and small to individuals. These individuals then sold and conveyed their land to other individuals. Thus a succession of conveyances was started to many succeeding owners. The first conveyance from a government to an individual was generally called a grant or a patent, but was sometimes referred to as a deed. Regardless of what it was called, it was the first link in the chain of title to the land. Each succeeding conveyance was a link in the chain of title.

The old saying which holds that "a chain is only as strong as its weakest link" is basically true with respect to titles. As the links in a chain of title are formed by conveying title from one owner to the next, it is necessary that each owner receive all rights of the former owner. If any rights of ownership are left behind and not transferred to the new owner, that link in the chain of title is weakened. If the conveyance or transfer of title to the next owner is defective or invalid,



or not made in accordance with the law, that link may be considered bad and may well result in a break in the chain of title.

Sometimes the grantee (buyer) of a defective deed is unaware of the defect and legitimately thinks he or she has good and clear title to the property. That person, in turn, sells and attempts to convey the land to another, and so on. One person cannot convey what that person does not own. If the defect was a type which made the deed invalid, the person who took the defective deed has nothing. The grantor (seller) was a fraudulent owner and had nothing to sell and convey. The deed, which the grantor gave, conveyed nothing and the same was true of deeds made by owners who followed that person. Irrespective of all deeds made by succeeding false owners, title remained vested in that person earlier in the line who owned it prior to the invalid deed. For a chain of title to be good, every link in the chain (from the first government conveyance to the present owner), must be good and valid. The job of title examiners is to determine that each link in a chain of title is valid and without material defect, and that no outstanding liens, claims, or interests affect the property.

Where a chain of title is begun by an original conveyance from a government, such government is known as the original source of title. Chains of title can begin from other sources. In some localities, an ancient, well-recognized owner is treated as the source of title. Where title is acquired by adverse possession or by a tax deed, the person acquiring such title is usually recognized as the source of title with respect to the chain of title which he or she initiates.

## Possible Defects in a Chain of Title

The term "defects" covers a wide range of flaws and imperfections in titles, the effects of which range all the way from material irregularities to complete invalidation of the title. Defects in a title usually result in a loss to the person claiming ownership.

A list of possible defects in a chain of title can be long and complicated. An experienced title searcher in your company will be a good source for common defects in your jurisdiction. Here are a few possible defects:

- (1) Deeds by persons supposedly single, but secretly married;
- (2) Forged deeds or releases;
- (3) Undisclosed missing heirs;
- (4) Deeds by minors;
- (5) Deeds by incompetent people;
- (6) Wills discovered after administration of the decedent's estate;
- (7) Erroneous interpretation of wills;
- (8) Impersonation of the true owner;
- (9) Instruments executed under fabricated or expired power of attorney;
- (10) Deeds delivered after death or without the consent of the grantor;
- (11) Falsification of public records;
- (12) Mistakes of recorders in recording legal documents;
- (13) Lack of jurisdiction of persons by courts when entering decrees; and

(14)Lack of authority to execute instruments on behalf of business entities or trusts.

You have likely heard that a forged deed is void and that no minor or incompetent person has the ability to make a good deed. The other possible defects listed above are just as serious and can cause material loss to the ownership claimant. We use the words "ownership claimant" because where defects in a chain of title exist, the person who claims to be the owner may not, in reality, be the owner at all.

## How Title Losses Occur

Title losses by owners usually occur because of defects in or liens upon the title which the owners did not know about at the time they acquired the title. With the exception of gifts and inheritances, the means by which real estate is usually acquired is through purchase, and purchasers often pay a high price for it. If their title fails completely and someone else actually owns the property, a 100 percent loss of their investment can, and often does, result. If an undisclosed heir of a former owner holds title to a one-third interest in a property, the owner will lose at least one-third of the value of the property. If there are material irregularities in the chain of title, or outstanding interests such as an easement or an encroachment of an owner's building upon an adjoining property, the owner may have to obtain interests or releases to correct the irregularities. If, for some reason, a mortgage or mechanics lien was overlooked when the owner purchased the property, he or she has no option except to pay off such mortgage or mechanics lien in order to keep from losing the property.



Failure to execute real estate instruments in conformity with the requirements of law sometimes results in title losses. Laws of various states establish requirements for execution of deeds, wills, leases, mortgages, contracts, and other real estate instruments. These laws usually create requirements relating to signatures, seals, witnesses, acknowledgments, and property descriptions. Carelessness and ignorance of the law are the principal causes of title losses when it comes to real estate instruments. People often make the mistake of assuming that laws are the same in all states. For instance, if Pennsylvania law requires only one witness on a deed and Florida law requires two, a deed attempting to convey Florida real estate executed in Pennsylvania with only one witness would be invalid.

Secret or undisclosed marriages have caused serious title losses, as well. In many states, a wife automatically acquires a dower interest in her husband's real estate the minute he buys it. In such states, if he owns real estate prior to his marriage, the minute he marries his wife, she acquires a dower interest in all real estate he owns. She may never have been in the state in which the land is located. She may not know that her husband owns such land. Her name may not even appear in any of the title documents. It could be that no one ever heard of her where the land is located. Nevertheless, she automatically owns and holds a dower interest in all real estate her husband owns in such states.

The unknown heir has been the subject of many intriguing stories. Unknown heirs have also been the cause of material title losses. For example, a man marries in California and has three children. A divorce takes place and the wife is awarded custody of the children. Bitter, the husband disappears and eventually starts a new life in New Jersey. He marries for the second time, never mentioning the three children in California. Later on he dies intestate. The court, in probating his estate, decides that his New Jersey widow and two New Jersey children are his sole and only heirs, and enters an order to that effect. The widow and children sell the real estate. The title, on its face, looks perfectly regular. Several successive sales of the real estate take

place before a sudden and unpleasant surprise. The three children from California, who were entitled to their share of their father's estate, show up with a lawyer and assert their claims against the present owners. The owners have no option except to buy the interests of the California children or go into court asking to sell the properties and divide the proceeds among themselves and the California children. That is another way title losses occur.

With respect to fraud and forgeries, let us take the case of the forged deed. We will assume that the title is vested in and held by John Bailey. An imposter, representing himself as John Bailey, enters a real estate sales office and lists the real estate for sale. The real estate agent finds a purchaser. The imposter and his girlfriend, who represents herself as Mrs. John Bailey, sign a deed to the purchaser using the names of Mr. and Mrs. John Bailey. The impostors take the money and vanish. No one except the impostors knows the deed is a forgery and that they have engaged in false impersonation. The deed looks perfectly good on its face. The title as a whole looks good and would be passed by any title examiner. The purchaser sells the property and it changes hands a number of times before the real owner shows up and uncovers the forgery. The purchaser who took the forged deed and the purchasers who succeeded him or her each get nothing. Their deeds conveyed no title. The title remained with the real John Bailey, who owned the property at the time of the forgery.



We could continue with example after example of situations in which title losses occur and which would, at the time of the search, be virtually impossible to detect. Therefore, you may

ask yourself, "If titles are so tricky and hazardous, how do innocent purchasers of real estate protect themselves?" The answer is simple: title insurance.

## Conclusion

The word "title" is defined as the rights of ownership of real estate recognized and protected by the law, including the right to possess, occupy, use, control, enjoy, and dispose of such real estate. Of the two generally accepted classes of property, real property, which is essentially land, is deemed to be permanent, immovable, and indestructible. Personal property, on the other hand, is said to be impermanent, movable, and destructible. Real estate title companies generally deal with real property.

Titles conveying real estate and other real property are created in a variety of ways, the most popular of which is a deed. While there are several different kinds of deeds, the six principal types include Warranty Deeds; Special Warranty Deeds; Bargain and Sale Deeds (also known as a Deed Without Warranty or a Fee Simple Deed); Quit Claim Deeds; Deeds Issued by Judicial and Governmental Officials; and Deeds Made by Fiduciaries. In addition to deeds, titles may be created by other instrumentalities such as leases, wills, inheritances, court decrees, and operation of law.

Beginning with a conveyance from an original source of title (such as a government), each succeeding deed, will, or other medium which conveys and transfers the title to succeeding owners constitutes a link in the chain of title. Defects in a chain of title may result from deeds by persons supposedly single, but secretly married; forged deeds or releases; undisclosed missing heirs; deeds by minors; deeds by incompetent people; wills discovered after administration of the decedent's estate; erroneous interpretation of wills; impersonation of the true owner; instruments



executed under fabricated or expired power of attorney; deeds delivered after death or without the consent of the grantor; falsification of public records; mistakes of recorders in recording legal documents; and lack of jurisdiction of persons by courts when entering decrees.

Ultimately, a title loss (generally creating a loss of investment, as well) could result from a variety of common scenarios. These scenarios include defects in or liens upon the title, failure to execute real estate instruments in conformity with the requirements of law, secret or undisclosed marriages, the presence of unknown heirs, or fraud and forgeries.

## Learn More

Demonstrate and further develop the skills and knowledge you acquired in this chapter by completing one or more of the following exercises:

- (1) Review your company's website and talk with colleagues to learn more about the history of your company, including its origin, growth, and subsequent development.
- (2) Locate and familiarize yourself with the basic components of a land title.
- (3) Ask an experienced colleague in your state for sample deeds and have him/her explain the technical requirements of a valid deed to you.
- (4) Obtain samples of all forms of deeds used in your state and ask for explanations. Compare and contrast the unique characteristics of each deed.
- (5) Ask an experienced title searcher in your company for a sample chain of title and have him/her list common defects in your jurisdiction.



## Additional Resources

Utilize these websites and other resources to gain additional information about the chapter content:

- (1) Visit ALTA's website: [www.alta.org](http://www.alta.org).
- (2) To learn more about fraud, visit the FBI's Mortgage Fraud page at:  
<http://www.fbi.gov/about-us/investigate/white-collar/mortgage-fraud/mortgage-fraud>.
- (3) Refer to the course glossary for definitions of common words and terms used in the title industry.
- (4) Consult a good dictionary (e.g., [www.dictionary.com](http://www.dictionary.com)) for explanations of other words or terms used in this chapter.