

What is **TITLE?**

A property title is the vehicle in which ownership transfers from one person or business to another, and is composed of three basic elements.

- ✓ *Rights and interests that are published in public records or by inspection of the property (such as deeds, mortgages and leases);*
- ✓ *Rights and interests that are not recorded but exist (such as limitations imposed by laws and statues and unrecorded mortgages);*
- ✓ *Rights and interests that are hidden (such as forgeries and unknown heirs).*



Every title is made up of many different “rights” and “interests” that may be owned by different people. The most valuable rights and interests are owned by the property’s owners, but others may also have rights to the property, such as liens or unpaid utilities, homeowner’s dues or mortgages.

An encumbrance is a legal term for anything that affects or limits the title of a property and may consist of easements, mortgages or liens. When a person purchases property, it is not only the physical address that he or she acquires, but the seller’s rights and interests or “title”. It is essential for the potential purchaser to know before the transaction takes place precisely what rights or interests the seller can impart. The buyer will also need to know if others may have rights or interest in the property and about any encumbrances against the property that may affect the use of the land. Therefore when making a purchase, the potential buyer will want a title search performed, which will uncover the interests of third parties.

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