



CHICAGO TITLE INSURANCE COMPANY

TOPIC:	CHAIN OF TITLE
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TITLE SEARCH & CLOSING RULES:

1. The chain of title comprises the listing of conveyances in and out of *all* interests in the property to be insured. Each interest must be fully accounted for up to the current time.
2. *Time of recording* governs priority of conveyances and encumbrances, not the book and page or order placed in the "books" of record. Therefore, two deeds of trust have co-parity or equal priority if they are recorded simultaneously unless either a subordination of the purported "second" is also recorded, or the purported "second" clearly shows on its face that it is a second mortgage subordinate to the simultaneously recorded first.
3. In order for any conveyance to qualify as valid at recording, it must also comply with all statutory and case law minimum requirements to constitute a conveyance, execution and acknowledgment statutes. (See "Conveyancing")
4. The Minimum Standards for Indexing Real Property Instruments have been published by the Secretary of State and North Carolina Association of Registers of Deeds . They are available on-line at: <http://www.secretary.state.nc.us/land/>
5. Any deeds of trust, easements or outstanding ownership interests that are revealed by the record must be reported to the title company as exceptions. Notation should be made if they are to remain exceptions or if they are to be paid or recorded waivers, subordinations, joinders or releases obtained at closing, as appropriate for the particular exception.

TITLE INSURANCE REQUIREMENTS, EXCEPTIONS AND COVERAGE:

Title insurers rely completely upon the Preliminary and Final Title Opinions of the certifying approved attorney and the documents provided with them. If the conveyance from any interest holder through successive conveyances (whether by deed of estate) into the current owner cannot be determined, waivers or quitclaims may be required at closing, or an exception will be required in the policy for that interest.

FORMS:

Chain of Title Sheet
Exception Sheet

LEGAL DISCUSSION:

(Author: Jeffrey I. Hrdlicka)

"Chain of Title" is the record history of the ownership of a parcel/tract of real property. By examining the records the offices of the Register of Deeds and the Clerk of Superior Court (estates, special

proceedings and judgments), the successive conveyances of real property, and, thus its title ownership, can be established. In order to insure title to real property, we require that the certifying attorney search the property's chain of title for at least thirty years. Note - In some circumstances a shorter search period is allowed. (Please see Topic "Search Periods")

Effect of Recording: Recording a document, such as a deed, deed of trust or easement, provides notice to third parties (those not a party to the document) that an interest in real property has been conveyed or is claimed. Third parties are entitled to rely upon the recorded document, if it is signed by the record owner of the property. This is the method in which priority to real property is established. Priority is established by the *time of recording* and not by the order of documents. As title insurance insures the ownership and priority of a real property interest, we can only insure real property interests which are established of record. In other words, **we cannot insure deeds or deeds of trust which are not recorded.**

Title Search: A title search is the method to establish a complete, unbroken chain of successive ownership of real property and to find any objections, exceptions, restrictions or defects in title. In a title search the searcher does the following:

1. Examines the grantee and grantor indexes to establish the chain of title and search for any out conveyances of interests to the real property.
2. Examines any recorded plats or maps of the subject property.
3. Examines the UCC Fixture Filing Financial statements.
4. Examines the good standing of corporate, limited partnerships, or limited liability company grantors.
5. Examines the judgments index for judgments, liens, or lis pendens.
6. Examines the lunacy index for all grantors.
7. Examines the special proceedings index for incompetency, foreclosures, or partitions.
8. Examines county/city tax and assessment records.
9. Examines estate records to verify heirs, estate taxes, claims of creditors, and date of death.
10. If necessary, examines birth records, death records, or marriage records.

The "chain of title" is established by determining exactly *who*, owned exactly *what interest*, how and when they received it (by a record deed or will or intestacy, for example – often called the "in's") and how and when they transferred it out to another (usually called the "out's"). If no "out" conveyance is found, then the person or entity is considered to still have an interest and must be accounted for in determining the documentation needed for closing. Usually this takes the form of a Requirement in the commitment for a deed from this owner to our proposed insured owner. But it could just as easily be a

requirement for a termination of a recorded lease or release of an easement or life estate that is to be cleared from the property and not desired as an exception to title after closing.

CHAIN OF TITLE

DATED: BOOK/PAGE _____
RECORDED: TO

DATED: BOOK/PAGE _____
RECORDED: TO

DATED: BOOK/PAGE _____
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EXCEPTION SHEET

CLOSING DATE: _____ SEARCH PERIOD: _____ a.m./p.m.

BUYER/INSURED: _____

SELLER: _____

ADDRESS: _____

BRIEF DESCRIPTION: _____

USE OF PROPERTY: COMMERCIAL ___ RESIDENTIAL ___ OTHER _____

COVERAGE AMOUNT: _____

DEED REFERENCE: BOOK _____ PAGE _____ (Copies Attached)

DEEDS OF TRUST OF RECORD: (Copies Attached)

TO: _____ Trustee: _____

Date: _____ Book _____ Page _____ Amt: _____

Circle one: Pay? Remain? Subordinate?)

TO: _____ Trustee: _____

Date: _____ Book _____ Page _____ Amt: _____

Circle one: Pay? Remain? Subordinate?)

TO: _____ Trustee: _____

Date: _____ Book _____ Page _____ Amt: _____

Circle one: Pay? Remain? Subordinate?)

NEW LENDER: _____

Coverage: _____ Type of Loan: CV HUD VA COM RES CON

ALTA: 4(Condo) 5(PUD) 6(Variable Rate) 7(Mobile Home)

 8.1(Environmental) 9(Comprehensive) Other _____

RESTRICTIVE COVENANTS:

Book _____ Page _____; Book _____ Page _____;

Book _____ Page _____; Book _____ Page _____;

Book _____ Page _____; Book _____ Page _____

Setbacks: Front: _____ Side: _____ Interior: _____ Rear: _____

 Other: _____

PLAT OR MAP: Book: _____ Page: _____

Setbacks: Front: _____ Side: _____ Interior: _____ Rear: _____

Other easements per map: _____

Access to Public Right of Way: Yes [] No [].

Direct []; or over a private easement [] If over a private easement, has a search been make of adjoining property on which easement crosses? Yes [] No []

EASEMENTS OR OTHER DEFECTS & UCCS

LIEN PERIOD EXPIRED: HAS / HAS NOT EXPIRED

MOBILE HOME LOCATED ON PROPERTY? _____

TAXES PAID THRU: _____ TAXES NOW DUE & PAYABLE _____

ASSESSMENTS DUE OR PAYABLE IN FUTURE INSTALLMENTS:

ATTORNEY'S SIGNATURE

Prior Policy: Company _____ Policy # _____

Mail or Fax to: _____

*PLEASE ATTACH CLERK'S SHEET AND/OR ESTATE SHEET IF APPLICABLE

