

Real Estate Ownership: Missouri

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*A Q&A guide to commercial real estate laws for owners and purchasers in Missouri. This Q&A addresses state laws and customs that impact the ownership and the purchase and sale of commercial real estate, including real property taxes, transfer taxes, instruments for transferring fee title, execution and recording requirements, necessary disclosures, title insurance matters, and risk of loss. Federal, local, or municipal law may impose additional or different requirements. Answers to questions can be compared across a number of jurisdictions (see *Real Estate Ownership: State Q&A Tool*).*

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Types of Estates and Taxable Real Property

1. When an estate in real property is conveyed, granted, or demised, is it deemed to be transferred as an absolute fee simple estate?

The use of a deed to convey property passes **fee simple** title unless the language in the deed indicates that the parties intend to convey some other interest, for example, an **easement**.

2. Is there specific language which must appear in a deed to convey an absolute fee simple estate?

Although Missouri does not require any specific words in a deed, most conveyances use a general warranty deed. A general warranty deed typically conveys an indefeasible estate in fee simple. Typically, a deed containing the words "grant, bargain and sell" is construed to be a general warranty deed (§ 442.420, RSMo).

3. What other freehold estates are permitted? Briefly describe each.

Life estates are used in rural counties, but are becoming less common. The fee tail has been significantly modified under Missouri law and has become extremely rare (§ 442.470, RSMo).

Real Property Taxes

4. In relation to real property taxes, please describe:

- The kind of property that is taxable as real property.
- Any kind of real property that is exempt from real property taxes.
- The current rate and nature of the taxes (for example, assessed value or school tax).
- The payment and collection procedures.

Property Treated as Real Property

Real property taxes include land and improvement components. Real property is broken into three subclasses:

- Agricultural (assessed at 12% of true value).
- Residential (assessed at 19% of true value).
- A catch-all commercial category (assessed at 32% of true value).

(§§ 137.016 and 137.115, RSMo; Mo. Const. art. X, § 4(b).)

Real property is reassessed every odd-numbered year (§ 137.115, RSMo).

Exemptions

Exemptions from property taxes are available. The most common categories for exemption are:

- Ownership by the state or a political subdivision of the state.
- Charitable, educational, or religious use.

- Cemeteries.

(§ 137.100, RSMo.)

Rate and Nature of Taxes

The rate for taxes is a product of assessed value multiplied by the tax rate set by:

- Any applicable county or city tax, or both.
- Various tax levies of districts serving the property, such as:
 - school districts;
 - library districts;
 - fire districts; and
 - ambulance districts.

Rates are set annually, usually in September. Commercial properties are also assessed a surcharge in various Missouri counties in differing amounts (Mo. Const. Art. X, § 6).

Payment and Collection

In Missouri, personal and real property taxes are due on December 31. They are paid in one installment.

Failure to pay by December 31 results in the imposition of interest and penalties. If taxes remain unpaid long enough, the property can be sold for back taxes. The amount of the penalty varies by county classification. Delinquent interest is assessed at 18% per year. (§§ 140.100 and 141.010, RSMo.)

Instruments and Execution Requirements



5. What deeds (or other instruments) are used to convey fee title and which is most commonly used? Briefly describe each.

There are several kinds of deeds that may be used to convey fee title. The most common deeds are:

- **General warranty deeds.** A general warranty deed provides the grantee with certain covenants and warranties from the grantor, including a:
 - warranty of the grantor's clear fee title subject only to noted encumbrances;
 - warranty of the grantor's ownership of the real property;
 - warranty of the grantor's undisputed right to convey the real property; and
 - covenant to defend against title claims by third parties.

A deed with the words "grant, bargain and sell" is typically construed to represent a general warranty deed. Most Missouri general warranty deeds use the phrase "grant, bargain and sell, convey and confirm" in the granting language. (§ 442.420, RSMo.)

- **Special warranty deeds.** A special warranty deed provides the grantee with limited covenants and warranties from the grantor, including a:
 - warranty of the grantor's clear fee title subject only to noted encumbrances; and
 - covenant to defend against title claims arising from the grantor's ownership interest.

A deed with the words "bargain and sell, convey and confirm" is typically construed to represent a special warranty deed. (6 Mo. Prac., Legal Forms § 2:38 (3d ed.).)

- **Quitclaim deeds.** A quitclaim deed provides the grantee with the grantor's interest in the real property, whatever that may be, without any covenants or warranties from the grantor. A deed with the words "remise, release and forever quit claim" is typically construed to represent a quitclaim deed. (6 Mo. Prac., Legal Forms § 2:41 (3d ed.).)

General warranty deeds are the most commonly used deeds and they provide the greatest amount of protection for the grantee.

In commercial transactions, special warranty deeds are used more often than general warranty deeds. Special warranty deeds provide the grantee with greater protection than a quitclaim deed, but less protection than a general warranty deed.

There are also certain deeds tied to the office or position of the grantor, such as:

- Trustee's deeds.
- Sheriff's deeds.
- Collector's deeds.
- Personal representative's deeds.

6. Are there any specific state or local recording requirements necessary to record a deed?

In particular, please specify if:

- Specific officers must sign for a corporation or other entity.
- Specific language is required to evidence the authority of a signatory for a corporation or other entity.
- A certificate of authority to do business in your state is required if the grantee on the deed is a foreign company.
- The corporation's seal is required on the signature page.
- There are specific margins or headings required for the deed.
- A cover page is required for recording.
- There are any other requirements.

Officers

Missouri law does not have a requirement that a specific officer sign a deed on behalf of a corporation or other entity.

Language for Signature Block

Missouri does not require any specific language, but the signature block should identify:

- The person signing.
- The capacity in which the person is signing.

Authorization to Do Business

Missouri does not require that a copy of a state registration be appended to the deed.

Corporate Seal

In general, if a corporation has a seal, it should be affixed to a deed or other instrument signed by the corporation, but lack of a seal is not fatal (see *Stevens v. Knights of Modern Maccabees*, 132 S.W. 757, 760 (Mo. Ct. App. 1910)).

Margins or Headings

Practitioners should consult the Missouri Revised Statutes for the various recording requirements (§ 59.310, RSMo), which include but are not limited to:

- A three-inch margin at the top of the first page.
- Designation of the grantor and grantee, with the mailing addresses of the parties, on the first page.
- A legal description of the property on the first page (or an indication on the first page of where the description is located if the description is elsewhere).
- An identification of instruments (book and page numbers or document number) referred to in the document (for instance, a deed of release should refer to the deed of trust it is intended to release).

- Margins of at least three-quarters of an inch (except for the three-inch margin at the top of the first page).
- Names printed or typed under signatures.
- Typeface that is at least eight-point size.
- Printed only on one side of the document.

(§ 59.310, RSMo.)

Cover Page

Although many law firms and companies use cover pages, they are not strictly necessary as long as all required information appears on the first page (§ 59.310, RSMo).

Other Requirements

There are no other recording requirements.

7. Provide the statutory form of acknowledgment for:

- An individual.
- A corporation.
- A limited liability company.
- A limited partnership.
- A trustee.

The Missouri Revised Statutes prescribe forms of acknowledgment for individuals, attorneys-in-fact, and corporations (§ 442.210, RSMo). These forms are commonly used, but are not exclusive. The Missouri Revised Statutes also contain additional forms of acknowledgments (§ 486.330, RSMo).

Individual

STATE OF [STATE])

COUNTY OF [COUNTY])SS.

)

On this [DATE] day of [MONTH], [YEAR], before me personally appeared [SIGNATORY NAME], to me known to be the person described in and who executed the foregoing instrument, and acknowledged that [he/she] executed the same as [his/her] free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid on the day and year above written.

My Commission Expires: _____

[DATE] Notary Public

Printed Name: [NOTARY NAME]

Corporation

STATE OF [STATE])

COUNTY OF [COUNTY])SS.

)

On this [DATE] day of [MONTH], [YEAR], before me appeared [SIGNATORY NAME], to me personally known, who, being by me duly sworn did say that [he/she] is the [SIGNATORY TITLE] of [CORPORATION NAME], a [STATE] corporation, and that [the seal affixed to the foregoing instrument is the corporate seal of said corporation OR said corporation has no corporate seal], and that said instrument was signed [and sealed] in behalf of said corporation by authority of its board of directors, and said [SIGNATORY NAME] acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid on the day and year above written.

My Commission Expires: _____

[DATE] Notary Public

Printed Name: [NOTARY NAME]

Limited Liability Company

STATE OF [STATE])

COUNTY OF [COUNTY])SS.

)

On this [DATE] day of [MONTH] in the year [YEAR], before me, [NOTARY NAME], a Notary Public in and for said state, personally appeared [MANAGER/MEMBER NAME] of [COMPANY NAME], known to me to be the person who executed the within [TYPE OF DOCUMENT] in behalf of said limited liability company and acknowledged to me that [he/she] executed the same for the purposes therein stated.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid on the day and year above written.

My Commission Expires: _____

[DATE]

Notary Public

Printed Name: [NOTARY NAME]

Limited Partnership

STATE OF [STATE])

COUNTY OF [COUNTY])SS.

)

On this [DATE] day of [MONTH] in the year [YEAR] before me, [NOTARY NAME], a Notary Public in and for said state, personally appeared [SIGNATORY NAME] of [PARTNERSHIP NAME], known to me to be the person who executed the within [TYPE OF DOCUMENT] in behalf of said partnership and acknowledged to me that [he/she] executed the same for the purposes therein stated.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid on the day and year above written.

My Commission Expires:

[DATE]

Notary Public

Printed Name: [NOTARY NAME]

Trustee

STATE OF [STATE])

COUNTY OF [COUNTY])SS.

)

On this [DATE] day of [MONTH], in the year [YEAR], before me [NOTARY NAME], a Notary Public in and for said state, personally appeared [SIGNATORY NAME], [SIGNATORY TITLE] known to me to be the person who executed the within [TYPE OF DOCUMENT] in behalf of [PUBLIC CORPORATION/ AGENCY/POLITICAL SUBDIVISION/ESTATE NAME] and acknowledged to me that [he/she] executed the same for the purposes therein stated.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid on the day and year above written.

My Commission Expires:

[DATE]

Notary Public

Printed Name: [NOTARY NAME]

Disclosures, Necessary Filings, and Transfer Taxes

8. Must the ultimate (whether direct or indirect) beneficial owner of an entity that owns real property be publicly disclosed? Briefly describe what is required and in what circumstances.

The only publicly required information is the name of the owner, which may be a:

- Corporation (including a family or authorized farm corporation).
- Trust.
- Individual.

- **Limited liability company.**
- Other entity type.

In addition, the City of St. Louis does require the identification of a shareholder of the grantee on its form of certificate of value (an instrument that must be filed, but not recorded, with the deed). Missouri does not have land trusts.

Practitioners should note that certain reporting requirements may apply to corporations engaged in farming under Sections 350.010 to 350.040 of the Missouri Revised Statutes and alien owners of agricultural land in Missouri under Sections 442.560 to 442.592 of the Missouri Revised Statutes.

9. When a corporation is the fee title owner of real property, must it record any documents to evidence a merger, conversion, or name change?

Articles of merger do not need to be recorded in the counties where the corporation has property, but it is a common practice regarding corporations governed by the General and Business Corporation Law of Missouri §§ 351.010 to 351.1228, RSMo) or the Missouri Nonprofit Corporation Act (§§ 355.001 to 355.881, RSMo).

Recording may be required under the Missouri Revised Statutes for a pro-forma decree benevolent association (§§ 352.010 to 352.520, RSMo).

10. In connection with state and local transfer, stamp, or similar taxes and direct transfers of real property:

- Describe any taxes which apply when fee title ownership is directly transferred.

- What transfer tax returns (or other documents) must be filed for direct transfers of real property?
- What is the timing for filing the returns and paying the transfer taxes on direct transfers?
- Are transfer taxes customarily paid by the purchaser or the seller in a direct transfer of real property?

Missouri has no transfer tax.

11. In connection with state and local transfer, stamp, or similar taxes and indirect transfers of ownership interests in real property:

- Does an indirect transfer of real property ownership interests trigger transfer taxes? For example, would the transfer of corporate or membership interests of an owner of real property trigger transfer taxes?
- What transfer tax returns (or other documents) must be filed for indirect transfers of real property ownership interests?
- What is the timing for filing the returns and paying the transfer taxes on indirect transfers?
- Are transfer taxes customarily paid by the purchaser or the seller in an indirect transfer of real property ownership interests?

Missouri has no transfer tax.

Recording Interests and Title Insurance

12. Where are ownership interests recorded and how are they indexed?

Real property records are recorded with the various county recorders' offices. The counties maintain a grantor-grantee index and the records can be searched by either name.

13. Do title insurance companies or attorneys typically conduct title searches?

Title insurance companies typically conduct **title searches** in Missouri. **Abstracts of title** may still be used in rural counties.

14. What form of title assurance is available to a purchaser? For example, is an abstract of title, a title insurance policy, or a title opinion more common?

The vast majority of purchasers in Missouri obtain an owner's **policy of title insurance**. Very few opinions of title or abstracts of title are used today.

15. Are title insurance premiums or service charges for owners' title insurance policies regulated? Is the cost of title insurance negotiable within a specified range of rates? Are there any discounts available for reissued policies?

Title insurance charges in Missouri are based on rates the insurers file with the state. There is little or no negotiation. Some discounts may be offered by title companies if there is a recent policy that the company, or its underwriter, has written on the property.

16. List the title endorsements available for an owner's title insurance policy for non-residential property.

Each underwriter has a list of endorsements it offers. The most common endorsements in Missouri are:

- **American Land Title Association (ALTA) 3 Zoning (Unimproved Land/Completed Structure).**
- ALTA 8 (Environmental Protection Lien).
- ALTA 9 (Restrictions, Encroachments, Minerals (Owner's, Lender's, Unimproved Land, Improved Land)).
- ALTA 13 (Leasehold).
- ALTA 14 (Future Advance).
- ALTA 17 (Access).
- ALTA 18 (Tax Parcel).

- ALTA 19 (Contiguity).
- ALTA 25 (Survey).
- ALTA 26 (Subdivision).

Forms of these endorsements are available on the ALTA's website (subscription required).

Risk of Loss

17. Is the risk of loss during the contract period typically on the seller or on the purchaser if the contract is silent?

In general, the risk of loss remains with the seller while a sale contract is pending. This can be varied by the terms of the contract. However, most contracts provide that the seller bears the risk of loss.

Real Property Investment Vehicles

18. What are the most common forms of investment vehicle for real property and what are the most common entities used?

There is no predominant structure for acquiring real estate, though limited liability companies and **limited partnerships** are widely used.

19. Are real estate investment trusts (REITs) or similar entities currently permitted? If so, are they common?

Although Missouri does not prohibit **real estate investment trusts**, they are relatively uncommon.

Regulation and Taxation

20. Is there significant regulation and taxation of real property locally? Is there significant variation in the regulation and taxation?

The largest variable in local real estate taxation is the levy by the applicable school district and the municipal levy. School districts of similar quality may have a widely varying levy depending on how many commercial properties are in their district.