

## **THE FAQs OF TITLE INSURANCE FOR HOMEBUYERS**

For most of us, a home is the largest investment we'll make in our lives. To buy with confidence, get owner's title insurance. It's the smart way to protect your property from legal claims. To help you understand how owner's title insurance works, here are answers to common questions.

### **What is title?**

Title is your right to own or use your property. Title also establishes any limitations on those rights.

### **What is a title search?**

A title search is an early step in the home buying process to uncover issues that could limit your rights to the property. If a title issue is discovered, most often Broker's Title will take care of it without you even knowing. After the title search is complete, we can provide a title insurance policy.

### **What is title insurance?**

If you're buying a home, title insurance is a policy that protects your investment and property rights.

### **Why should I purchase an owner's title insurance?**

Owner's title insurance protects your investment in your property from certain future legal claims regarding ownership of your property. For a one-time fee, you receive coverage for as long as you own your home. The owner's policy also covers potential legal fees and court costs for settling claims covered by your policy. Sometimes undiscoverable defects can come up after the title search. Under an owner's title insurance policy, you are protected against certain undiscovered errors in the title.

There are many reasons to buy title insurance. The attached lists just a few.

## **A NUMBER OF IMPORTANT REASONS WHY YOU SHOULD PURCHASE OWNER'S TITLE INSURANCE TODAY**

Owner's Title Insurance will not only protect you against these hidden risks that would not be disclosed by even the most meticulous search of public records, but also will pay for the legal fees attendant to the defense of your title as insured. It is a one-time charge and will probably not be available for such a small fee at any future date. Some of the hidden risks that may be protected against are:

1. forgery
2. fraud (misrepresentation) in connection with the execution of documents
3. undue influence (under pressure) on grantor (seller) or executor (of a will)
4. false impersonation by those purporting to owners of the property
5. incorrect representation of marital status of a grantor (seller)
6. in some cases, disclosed or missing heirs
7. in some cases, wills not properly probated
8. in some cases mistaken interpretation of wills and trusts
9. mental incompetence of a minor
10. conveyance of a minor
11. in some cases, birth of heirs subsequent to the date of a will
12. in some cases, inadequate surveys
13. in some cases, incorrect legal descriptions
14. non-delivery of deeds
15. unsatisfied claims not shown on the record
16. deeds executed under false powers of attorney
17. in some cases, confusion due to similar or identical names
18. in some cases, dower or courtesy rights of ex-spouses of former owners
19. incorrect indexing at Registries of Deeds
20. clerical errors in recording legal documents
21. delivery of deeds after death of a grantor

If you purchase an owner's title policy, our office will issue you an extended coverage policy unless you request otherwise. An extended coverage policy will cover the above listed items and in addition may cover the issues described on the following page.

## Extended Owner's Title Insurance Policy

**1. Continued Coverage.** For most people, buying a house is the biggest financial investment they will ever make and the largest asset they will ever own, as such it needs to be insured. It is not just a home, it is an investment for your family!

**2. Post Policy Protection.**

a. **Post policy forgery.** In some cases, the homeowner may be covered if someone forges the owner's signature to a deed or a mortgage in an effort to sell or impose a lien or restriction on their home.

b. **Post policy encroachment.** In some cases, the Policy may protect the homeowner, if, after the purchase, someone builds a structure which encroaches on their land.

c. **Post policy assessment of municipal charges (a common problem).** In some cases, the Policy may provide coverage for real estate taxes and sewer betterments assessed after the date of the policy if they applied prior to the policy.

**3. Actual Access.** In some cases, the Policy may insure that the homeowner has actual pedestrian and vehicular access to and from the property.

**4. Building Permit and Zoning Violations.** In some cases, the Policy may cover a homeowner who is forced to remove or correct existing structures that were built without a permit or that violate an existing zoning law or zoning regulation.

**5. Subdivision Violation.** In some cases, the homeowner may be covered where subdivision laws have been violated prior to the homeowner's purchase, and as a result, the homeowner is unable to obtain a building permit, is forced to correct or remove the violation, or is unable to complete a sale or loan.

**6. Increase in coverage.** With some policies, the one-time premium charge may include an increase in coverage by 10% a year for the first 5 years the policy is in effect.

**7. You can close.** Most of the time the homeowner doesn't find out there is a title issue until a few days before closing. This proves to be an issue because many sellers schedule back to back closings on another piece of property and need to close to get the proceeds to purchase the new house. The closing needs to happen as scheduled. Without an Extended Owner's Policy this very well may not happen. If the homeowner is insured with an Extended Owner's Policy then the Title Company may issue a letter to the closing agent to move forward with the closing and will undertake resolve the issue.

**8. A Lender's Policy protects the Lender, not the Borrower.** Some borrowers are under the mistaken impression that since they have to pay for the lender's policy it will cover them if there is a title issue. However, the Lender's coverage often does not arise unless there is a foreclosure.

**9. More Cost Effective.** The premium for the Owner's policy is equal to a retainer for a few hours of billable time you have to hire an attorney if an issue arises.

*The examples above describe some of what may be covered under a general Extended Owner's Policy, but coverage may vary depending upon the specific title insurer selected for you at closing. Some of the above covered claims may also have deductibles and limits on coverage and you should not rely on this flyer as a commitment for coverage. Feel free to contact our office for more detailed coverage information for the specific title insurance company that will be providing your Extended Owner's Policy at closing.*



# 70 - SOMETHING WAYS

YOU COULD LOSE YOUR HOME

AND ONE WAY TO PROTECT IT

**There are many title issues that could cause you to lose your property** or your mortgage investments. Even the most careful search of public records may not disclose the most dangerous threat: hidden risks. **These issues may not be uncovered until years later.**

Without title insurance from a reputable and financially secure company, your title could be worthless.

**With the proper insurance, your rights will be defended in court.**

## Here are some of the issues that occur most frequently

1. Forged deeds, mortgages, satisfactions, or releases
2. Deed by person who is insane or mentally incompetent
3. Deed by minor (may be disavowed)
4. Deed from corporation, unauthorized under corporate by-laws or given under falsified corporate resolution
5. Deed from partnership, unauthorized under partnership agreement
6. Deed from purported trustee, unauthorized under trust agreement
7. Deed to or from a "corporation" before incorporation, or after loss of corporate charter
8. Deed from a legal nonentity (styled, for example, as a church, charity, or club)
9. Deed by person in a foreign country, vulnerable to challenge as incompetent, unauthorized, or defective under foreign laws
10. Claims resulting from use of "alias" or fictitious name style by a predecessor in title
11. Deed challenged as being given under fraud, undue influence, or duress
12. Deed following nonjudicial foreclosure, where required procedure was not followed
13. Deed affecting land in judicial proceedings (bankruptcy, receivership, probate, conservatorship, dissolution of marriage) unauthorized by court
14. Deed following judicial proceedings subject to appeal or further court order
15. Deed following judicial proceedings where all necessary parties were not joined
16. Lack of jurisdiction over persons or property in judicial proceedings
17. Deed signed by mistake (grantor did not know what was signed)
18. Deed executed under falsified power of attorney
19. Deed executed under expired power of attorney (death, disability, or insanity of principal)
20. Deed apparently valid, but actually delivered after death of grantor or grantee, or without consent of grantor
21. Deed affecting property purported to be separate property of grantor, which is in fact community or jointly owned property
22. Undisclosed divorce of one who conveys as sole heir of a deceased former spouse
23. Deed affecting property of deceased person, not joining all heirs
24. Deed following administration of estate of missing person who later reappears
25. Conveyance by heir or survivor of a joint estate who murdered the decedent

# 70-Something Ways You Could Lose Your Home

1. Conveyances and proceedings affecting the rights of service member protected by the Service-Members Civil Relief Act
2. Conveyance void as in violation of public policy (payment of gambling debt, payment for contract to commit crime, or conveyance made in restraint of trade)
3. Deed to land including "wetlands" subject to public trust (vesting title in government to protect public interest in navigation, commerce, fishing, and recreation)
4. Deed from government entity, vulnerable to challenge as unauthorized or unlawful
5. Ineffective release of prior satisfied mortgage due to acquisition of note by bona-fide purchaser (without notice of satisfaction)
6. Ineffective release of prior satisfied mortgage due to bankruptcy of creditor prior to recording of release (avoiding powers in bankruptcy)
7. Ineffective release of prior mortgage or lien, as fraudulently obtained by predecessor in title
8. Disputed release of prior mortgage or lien, as given under mistake or misunderstanding
9. Ineffective subordination agreement causing junior interest to be reinstated to priority
10. Deed recorded but not properly indexed so as to be locatable in the land records
11. Undisclosed but recorded federal or state tax lien
12. Undisclosed but recorded judgment or spousal/child support lien
13. Undisclosed but recorded prior mortgage
14. Undisclosed but recorded notice of pending lawsuit affecting land
15. Undisclosed but recorded environmental lien
16. Undisclosed but recorded option, or right of first refusal, to purchase property
17. Undisclosed but recorded covenants or restrictions, with (or without) rights of reverter
18. Undisclosed but recorded easements (for access, utilities, drainage, airspace, views) benefiting neighboring land
19. Undisclosed but recorded boundary, party wall, or setback agreements
20. Errors in tax record (mailing tax bill to wrong party resulting in tax sale, or crediting payment to wrong property)
21. Erroneous release of tax or assessment liens, which are later reinstated to the tax rolls
22. Erroneous reports furnished by tax officials (not binding local government)
23. Special assessments which become liens upon passage of a law or ordinance, but before recorded notice or commencement of improvements of which assessment is made
24. Adverse claim of vendor's lien
25. Adverse claim of equitable lien
0. Ambiguous covenants or restrictions in ancient documents
  1. Misinterpretation of wills, deeds, and other instruments
  2. Discovery of will of supposed intestate individual, after probate
  3. Discovery of later will after probate of first will
  4. Erroneous or inadequate legal description
  5. Deed to land without a right of access to a public street or road
  6. Deed to land with legal access subject to undisclosed but recorded conditions or restrictions
  7. Right of access wiped out by foreclosure on neighboring land
  8. Patent defects in recorded instruments (for example, failure to attach notarial acknowledgment or a legal description)
  9. Defective acknowledgment due to lack of authority of notary (acknowledgment taken before commission or after expiration of commission)
  10. Forged notarization or witness acknowledgment
  11. Deed not properly recorded (wrong county, missing pages or other contents, or without required payment)
  12. Deed from grantor who is claimed to have acquired title through fraud upon creditors of a prior owner

## And extended coverage may be requested to protect against such additional defects as:

13. Deed to a purchaser from one who has previously sold or leased the same land to a third party under an unrecorded contract, where the third party is in possession of the premises
14. Claimed prescriptive rights, not of record and not disclosed by survey
15. Physical location of easement (underground pipe or sewer line) which does not conform with easement of record
16. Deed to land with improvements encroaching upon land of another
17. Incorrect survey (misstating location, dimensions, area easements, or improvements upon land)
18. "Mechanics' lien" claims (securing payment of contractors and material suppliers for improvements) which may attach without recorded notice
19. Federal estate or state inheritance tax liens (may attach without recorded notice)
20. Preexisting violation of subdivision mapping laws\*
21. Preexisting violation of zoning ordinances\*
22. Preexisting violation of conditions, covenants, and restrictions affecting the land\*

And many more...

FIRST AMERICAN TITLE

# EAGLE™ OWNER'S POLICY



At First American Title, we understand that your home is possibly the largest financial investment you will make, but the investment is not just financial. Buying a home is also an investment in the future for you and your family. That is why we created the Eagle Owner's Title Insurance Policy. This Owner's Policy provides more than safeguards for the title to your property—it provides you with peace of mind.

Our Eagle Owner's Policy provides expanded title coverage for owners of one-to-four family residences, including condominiums. The Coverages included in the Eagle Owner's Policy offer the highest levels of title insurance protection available to homeowners.

## Eagle Owner's Policy Coverage

- ✓ Post-Policy Forgery
- ✓ Post-Policy Encroachments
- ✓ Post-Policy Adverse Possession
- ✓ Post-Policy Easement by Prescription
- ✓ Building Permit and Zoning Violation
- ✓ Encroachment of Improvements Onto Easements and Set-Backs
- ✓ Expanded Access
- ✓ Subdivision Violation
- ✓ Restrictive Covenant Violations
- ✓ Structural Damage for Mineral Abstraction or Easement Use
- ✓ Encroachment of Boundary Walls and Fences



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# Eagle Policy<sup>®</sup> for Owners vs. Standard ALTA Policy

## Providing Peace of Mind



We understand your home is possibly the largest financial investment you will make, but the investment is not just financial.

**Buying a home is also an investment in the future for you and your family.** That is why we offer the First American Eagle Policy<sup>®</sup> for Owners of Title Insurance. This owner's policy provides more than safeguards for the title to your property — **it provides you with peace of mind.**

The First American Eagle Policy for Owners provides expanded title coverage for owners of one-to-four family residences, including condominiums. Coverages included in the Eagle Policy for Owners offer the **highest levels of protection available to homeowners.**

## Eagle Policy<sup>®</sup> Coverage

Subject to the conditions in the policy, covered matters include:

- ® Post-Policy Forgery
- ® Post-Policy Encroachments by Neighbors
- ® Post-Policy Adverse Possession
- ® Post-Policy Easement by Prescription
- ® Building Permit and Zoning Violations
- ® Vehicular and Pedestrian Access
- ® Encroachment of Improvements Onto Easements and Setbacks
- ® Subdivision Violation
- ® Restrictive Covenant Violations
- ® Structural Damage caused by Mineral Extraction or Easement Use
- ® Encroachment of Boundary Walls and Fences

Learn More at [firstam.com](https://firstam.com)



First American Title™