

Owner's Title Insurance

Most people choose to protect their real estate investment by purchasing owner's title insurance. Owner's title insurance can afford property owners protection against loss or damage due to title defects and claims against their property due to unforeseen or undisclosed matters that cannot be readily detected by title examinations or that result from error or oversight.

Why Should I Buy Owner's Title Insurance?

Prior to closing, a real estate attorney examines title to the property to determine the state of the title and whether the seller is able to transfer good title to the buyer in accordance with the contract. At closing, the buyer takes title to the property through the execution and delivery of a deed by the seller (usually a bargain & sale deed). After the closing, however, and despite a thorough title examination by the attorney, title issues can arise that may jeopardize the buyer's claim of ownership. Such title issues, or title defects, include:

- Documents recorded during the time period between title examination and closing
- Unrecorded documents that may give other individuals or entities an interest in the property
- Encroachments by fences, driveways or other structures
- Forged documents
- Invalid or fraudulent probate of wills and estates
- Improper foreclosure
- Incorrect marital status of owner
- Invalid or contested divorces
- Liens filed by contractors or others who have not been paid for labor, materials or services provided on the property
- Previously undisclosed heirs with claims to the property
- Tax liens
- Transfer of the property by a minor or mental incompetent
- Property line disagreement
- Mistakes in the public records

Title claims pose a great risk to property owners. If a title claim is valid, the buyer risks expenses and actual loss, up to and including loss of the entire property and all equity in it (while still having to pay back a loan on the property). If the claim turns out not to be valid, the buyer still has to pay out of pocket to defend the claim or to rid the property of a cloud on its title. On the other hand, buyers who purchase owner's title insurance have a title insurance company behind them that has the obligation, whenever coverage exists, to pay the costs and fees incurred to defend the property owner and to pay losses that ultimately occur as well.