



Information Regarding Title Insurance

Every day in America, someone somewhere is buying or selling a home. Behind the scenes of each transaction is the title insurance industry-a nationwide industry of detailed-minded professionals who conduct in-depth searches to uncover and remedy any problems of with the title of ownership.

Buying a home is one the biggest investments that you will ever make and it is important to make sure your purchase is properly insured. As you approach closing day, all the details can be overwhelming. It's easy to overlook the single most important step in the entire process- the purchase of Owners Title Insurance on your wonderful new home.

In a nutshell, title insurance protects you against uncovered problems affecting the title to your home. Problems that could affect your title include: tax liens, forged signatures in the chain of title, recording errors, title search errors, and claims by missing heirs and/or ex-spouses.

Once an exhaustive search of public records is complete, to make sure certain the title is clear, you can and must obtain title insurance. Below is a bit more detail for you:

Owner's Title Insurance vs. Lender's Title Insurance:

There are two forms of title insurance - owner's (covering you) and lenders (covering the lender). The owner's policy insures up to the purchase price of the property, and the lender's policy covers the lender in the event of foreclosure, up to the loan amount. These are distinct policies. In Massachusetts, the lender's policy is mandatory. No lender will issue financing without you also covering the cost of their policy. The Owner's policy is optional but it is highly recommended from a legal standpoint.

Importance of Owner's Title Insurance

Owner's title insurance is a means of protecting yourself from financial loss in the event of problems regarding the rights of ownership to your property. Prior to closing, we will have conducted a title examination (an exam of the public records concerning this property) to be sure there are no liens/encumbrances impacting the property that must be cleared prior to the conveyance. Although we proceed with the utmost due diligence in conducting our search, there may be hidden defects that our title search will not reveal. If a title defect does arise, your title insurer will pay the cost of defending against any covered claim. Examples of issues Title Insurance covers are as follows:

- ❖ Improper execution of documents;
- ❖ mistakes in recording or indexing of legal documents
- ❖ forgeries and fraud
- ❖ undisclosed or missing heirs
- ❖ unpaid taxes and assessments
- ❖ unpaid judgments and liens
- ❖ unreleased mortgages
- ❖ mental incompetence of grantors on the deed
- ❖ impersonation of true owners of land by fraudulent persons
- ❖ refusal of potential purchaser to accept title based upon condition of title.

Title defects are dangerous in that you may not learn of them until many months, or even years after you purchase the property. Depending on the nature of the defect, you could be forced to spend substantial sums on legal fees necessary to clear title to your property.

One common example we see in practice is an unreleased tax lien over the property. Some of these liens can be quite old, and therefore they do not readily appear in the public records. However, if you buy the property subject to a tax lien - that lien runs with the property and therefore becomes your obligation. Title Insurance would serve to undertake the issue, and indemnify you against the cost of paying off the lien.

While Title Insurance is not mandatory insurance, from a legal standpoint it is highly recommended. It is a one-time premium that runs with the property for your entire duration of home ownership.

Call us at 617-752-2371 or email as closing@tflawllc.com and we can answer any questions about the home buying and closing process!!!