

PREVENT HOMEOWNERSHIP HORROR STORIES



In real estate transactions, your title insurance company will conduct a thorough title search, which involves reviewing documents associated with the public land records (e.g. mortgages, taxes, judgments, etc). However, some hidden errors can turn the sweet dream of owning a home into a financial nightmare. Obtaining an Owner's Title Insurance Policy is important in protecting yourself from potential losses. Below are the three common issues covered by this type of insurance.

Liens and judgments – To get protection against liens, judgments and any other form of debt that may become your responsibility after the closing, an owner's policy would be a wise investment that will prove to be more of a treat than a trick. The Owner's Policy will protect the buyer against any liens that the Seller may have incurred or created such as a mortgage that needs to be paid off.

Invalid deeds and claims of ownership – An owner's title policy will also protect the buyer from invalid deeds (e.g. wild deeds purporting to be from a seller, who didn't actually own the property, to new owners) and from claims of ownership made by other parties, such as ex-spouses, undisclosed heirs, etc. When such a third party asserts an interest in the buyer's property, the title insurance company will defend your legal rights, in accordance with the terms of the policy.

Distressed property - Obtaining an Owner's Policy will also provide peace of mind if the property is distressed or it has gone through a foreclosure. Many times these properties may have recorded Orders To Repair or Orders to Board so having that information noted on a title commitment will let the prospective buyer know that the seller will need to address the repairs before the closing. Lastly, if your seller is Michael Myers and he wants to close on Halloween you might want to re-schedule that closing.