



An example of how an owner's policy protects homeowners recently occurred in Texas. A homebuilder was charged with defrauding first-time homebuyers by selling houses that were encumbered by undisclosed liens. When the builder subsequently failed to pay the debt, the creditors who were owed money started foreclosure proceedings and filed lawsuits against the home buyers. The developer sold the properties without home buyers realizing that their new houses were subject to undisclosed liens because they did not purchase title insurance. An owner's policy would have paid to settle the dispute and covered any associated legal fees.

In all transactions, a search of public land records affecting the property is conducted to make sure a homeowner has clear title to their property. The title agent will scrutinize prior deeds or mortgages, divorce decrees, court judgments, delinquent taxes and child and spousal support payments, vesting, covenants, conditions and restrictions, general encumbrances, and utility or other kinds of easements. A history of ownership of the property is created, called an abstract, and steps may be taken to cure title issues that are discovered. This may include correcting recording and indexing errors in the public record, correcting misspelled names or incorrect legal descriptions. According to the American Land Title Association, the title insurance industry cures defects in public records in more than 35 percent of all transactions.

### **Some examples of documents that can present unexpected title issues include:**

- Deeds, wills and trusts that contain improper wording or incorrect names;
- Outstanding mortgages and judgments, or a lien against the property because the seller has not paid his taxes;
- Easements that allow construction of a road or utility line;
- Pending legal action against the property that could affect a purchaser; or
- Incorrect notary acknowledgements.

### **Some examples of issues which can present title claims under your policy include:**

- A forged signature on the deed, which would mean no transfer of ownership to you;
- An unknown heir of a previous owner who is claiming ownership of the property;
- Instruments executed under an expired or a fabricated power of attorney; or
- Mistakes in the public records.

For more information about title insurance go to [www.ortc.com](http://www.ortc.com) or [www.homeclosing101.org](http://www.homeclosing101.org)

Since 1907, Old Republic Title has weathered challenging economic times, meeting obligations to policy holders no matter what the conditions. With underwriting expertise, exceptional products and services, and a commitment to doing business with integrity, Old Republic Title is a name you can trust.

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Old Republic strongly recommends that consumers confer with their title insurer as underwriting requirements vary among companies and further, obtain guidance and advice from qualified professionals, including attorneys specializing in Real Property, Trusts and/or Title Insurance to get more detailed, and current, information as to any particular situation affecting them.