

WFG NATIONAL TITLE INSURANCE COMPANY PRESENTS

Basically Title Webinar Series:

What, Exactly, is a Title Insurance Policy?

February 13, 2019 | 1pm EST

# Agenda

- What are the Core Concepts of Title Insurance?
- How did we get to Title Insurance?
- What is Title Insurance?
- Are there different types of title insurance/different people protected?
- What are the types of coverage/what is covered?
- What are common types of title insurance claims?

# The Beginning of Title Insurance

Homes were commonly bought and sold and the parties would contract with a third party to simply search the records and advise if there were issues.

## **What could go wrong?**

Watson v. Muirhead, Pennsylvania case that went to the Pennsylvania Supreme Court.



# What is Title Insurance?

Title Insurance is a type of contract of indemnity. A contract of indemnity is a contract that covers a defect relating to a property.

The failure can be partial or complete.

The title insurance company will be indemnifying, which means protecting/paying the insured for a financial loss which arose due to a defect in the title insurance coverage.

Title insurance protects both real estate owners and lenders against loss or damage occurring from liens, encumbrances, or defects in title or actual ownership of the property.

# What Types of Policies are Available?

Title policies are available to a lender or property owner

There are different types of policies available as well. A standard, extended or expanded policy can be purchased, with each policy providing different coverage options.

# What Types of Policies are Available?

Owner's and Lender's Title insurance

What is the difference?

Key is who is being insured/covered if a loss should occur

What is the risk to the owner when there is a complete title failure?

# Standard Title Policy

A lender or homeowner can opt or purchase a standard title insurance policy.

A standard title policy will cover against matters that are on the public record as well as against specific problems with deeds, problems with the legal description, access and deeds that were not properly recorded.

# What are Standard Exceptions?

- Facts which would be disclosed by an accurate and comprehensive survey of the property;
- Rights or claims of parties in possession;
- Construction, mechanic's contractor's or materialmen's lien claims, if any, where no notice thereof appears of record;
- Easement or claims of easements not shown by the public records;
- Mineral Rights



# Other Policy Options

## Extended or Enhanced

- Off-record matters, such as claims for adverse possession or prescriptive easements;
- Deeds to land with encroachments (encroaching on another parcel)
- Incorrect Survey
- Silent (off-record) liens (such as mechanics' or estate tax liens); and
- Pre-Existing violations of subdivision laws, zoning ordinances or CC&Rs

# Other Policy Options

## Expanded

- Post policy forgery
- Forced removal of improvements due to lack of building permit
- Post-policy construction of improvements by a neighbor onto insured land
- Location and dimensions of insured land.

# Searching Issues

25% of all real estate transactions contain issues that are resolved/fixed prior to closing



The curative process

Why I should keep my underwriter on speed dial?

# Most Common Types of Claims

- Unknown liens
- Illegal deeds
- Missing heirs
- Forgeries
- Undiscovered encumbrances
- Unknown easements
- Boundary/survey disputes



**Have Questions?**  
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