

# TITLE INSURANCE BASICS

## Understanding Title Insurance Coverage

Presented in conjunction with:



# What is Title Insurance?

- An indemnity contract between the title insurer and the insured
- Provides insurance as of the effective date forward for risks which existed PRIOR to said effective date
- Coverage for a number of risks which the best title searcher on their best day would never be able to find on the public record

Title insurance is NOT a guaranty of payment for the face amount of the policy

# Claims Statistics

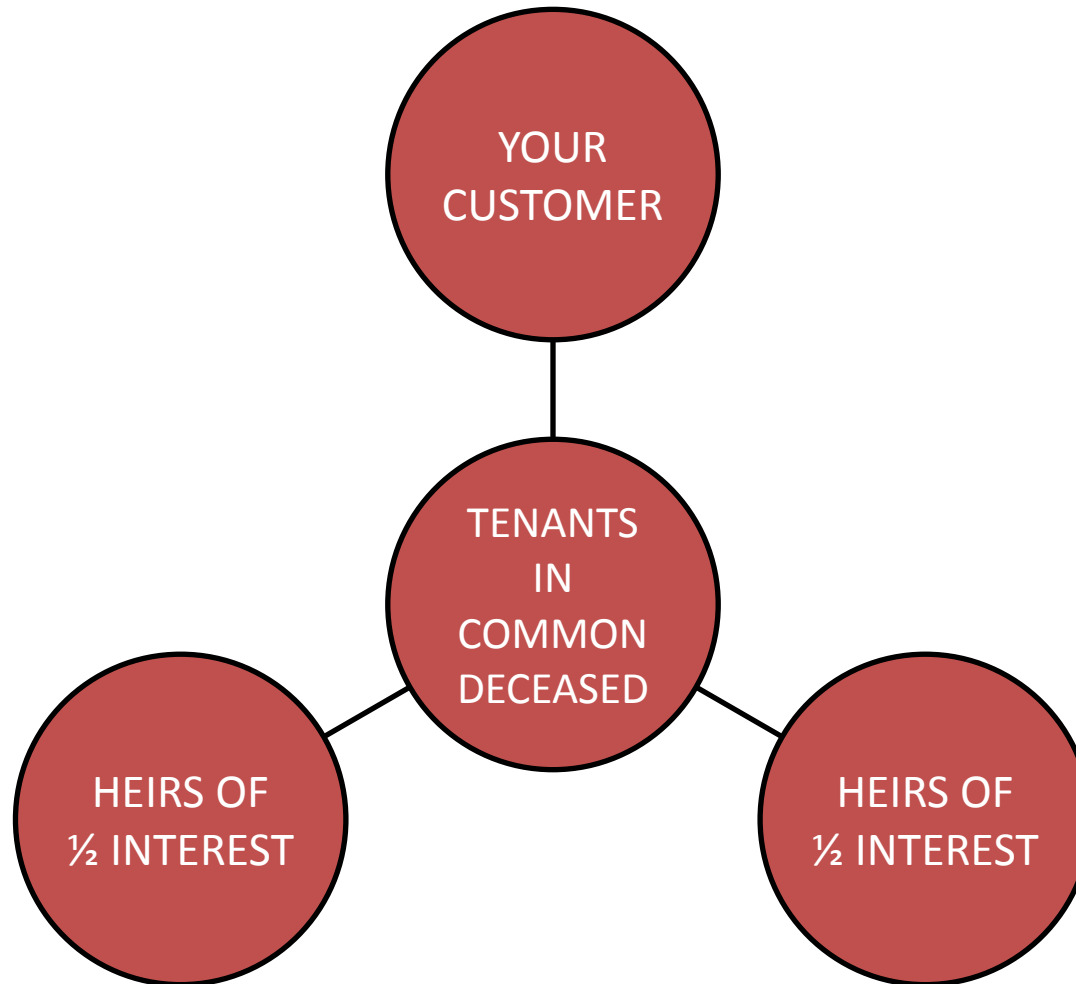
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- Closing and post closing errors: 417 claims, paid out \$1,299,000 in 2013
- Search errors: 130 claims, paid out over \$1,000,000 in 2013

# How did you miss that lien??

- Title abstracts (searches) are done by name
- The first step is to search the 'person' you believe to own the property this is considered the first link
- The deed to the property in question is located, then that deed is traced back for a minimum of 40 years, each person in the chain is a link
- Some chains of title could have up to 20 links which would all have to be searched.

# Sample Chain of Title



# Examples of Claims Filed by Lenders

- Previous unreleased liens, possibly indexed incorrectly or not released at closing
- Judgments determined not to attach at purchase will continue to show with each title search
- Marketability of title
- Fraud/forgery

# Scams

- Transferring property by Power of Attorney
- Forged Documents of transfer
- Middle man transactions





# Insured Closing Protection Letters



# The Title Commitment

- Purpose:
  - Serves as an agreement to obtain insurance
- Who should review?
  - I guess if you are the insured you might want to read
- I thought the settlement agent was responsible for clear title?
  - Who is the settlement agent representing, and does the settlement agent know what the bank's loan policy states as to title exceptions?

# Title Commitment Review

## **SCHEDULE A**

(ownership and property description)

## **SCHEDULE B-I**

(requirements to be met to obtain coverage)

## **SCHEDULE B-II**

(exceptions to coverage)

# Reviewing the information



**INVESTORS TITLE INSURANCE COMPANY**  
P.O. Drawer 2887  
Chapel Hill, North Carolina 27515-2887  
**ALTA COMMITMENT FORM**

**This Commitment is not complete without appropriate Schedules and corresponding Jacket unless otherwise agreed in writing.**

**SCHEDULE A**

1. Commitment Date 04/10/2013 Time 08:00 AM Comm. No. 201301072BT

2. Policy (or Policies) to be issued:

(a) Owner's Policy N/A Policy Amount \$ 0.00  
Proposed Insured JOHN SAMPLE AND JANE SAMPLE, HUSBAND AND WIFE, AS  
TENANTS BY THE ENTIRETY WITH THE RIGHT OF SURVIVORSHIP  
AS AT COMMON LAW

(b) Loan Policy ALTA 2006 Policy Amount \$ 125,000.00  
Proposed Insured YOUR BANK  
ITS SUCCESSORS AND/OR ASSIGNS, AS THEIR INTEREST MAY  
APPEAR

3. Fee simple interest in the land described in this Commitment is owned, at the Commitment Date by:

JOHN SAMPLE AND JANE SAMPLE, HUSBAND AND WIFE, AS TENANTS BY THE ENTIRETY WITH THE RIGHT OF SURVIVORSHIP AS AT COMMON LAW

4. The land referred to in this Commitment is in the Commonwealth of VA County of Chesterfield and described as follows:

ALL THAT CERTAIN...

Issued through the Office of:  
Bankers Title, LLC  
620 Moorefield Park Drive  
Suite 150  
Richmond, VA 23236  
Tel. (804)560-7655 (800)830-1414  
/ Fax (804)560-7202 (800)229-5565

*George Brown*

Authorized Countersignature

Form No. 201-06-A

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# ALTA Endorsements (American Land Title Association)

Endorsements are offered to provide additional coverages

## GENERAL

- 4=condo
- 5=planned unit development
- 6=variable rate
- 6.2=variable rate-neg am
- 7=manufactured housing
- 8.1=environmental coverage
- 9=restrictions
- Revolving credit line

## COMMERCIAL SPECIFIC

- 3=zoning unimproved
- 3.1=zoning improved
- 8.1=non-residential environmental
- 14=future advance
- 17=access
- 22=location

# How to Contact Us

## **Bankers Title, LLC**

620 Moorefield Park Drive, Suite 150  
Richmond, VA 23236  
804.560.7655 or 1.800.830.1414

[www.bankerstitle.com](http://www.bankerstitle.com)

[rparker@bankerstitle.com](mailto:rparker@bankerstitle.com)

## **Bankers Title Shenandoah, LLC**

202 North Loudoun Street, Suite 310  
Winchester, VA 22601  
540.678.8200 or 1.888.259.7184

[www.bankerstitleshenandoah.com](http://www.bankerstitleshenandoah.com)

[brutherford@bankerstitleshenandoah.com](mailto:brutherford@bankerstitleshenandoah.com)

## **Virginia Title Center, LLC**

4502 Starkey Road, Suite 200  
Roanoke, VA 24018  
540.772.0585 or 1.800.468.5811

[www.virginiatitlecenter.com](http://www.virginiatitlecenter.com)

[bfothergill@virginiatitlecenter.com](mailto:bfothergill@virginiatitlecenter.com)

## **West Virginia Bankers Title, LLC**

9109 Middletown Mall  
White Hall, WV 26554  
304.333.5162 or 1.877.439.4910

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