



DO YOU NEED TITLE INSURANCE?

“Why should I buy Title Insurance? Do I need it?”

Title Insurance is one of those charges that most people don't pay attention to when they are buying a house. They generally just pay for it without questioning it. But in case you have ever considered **not** buying it, these stories might change your mind.

Not The Right Mr. Jones

The real estate sale was uneventful. The buyers moved in, life went on, until about a year after the sale. A gentleman knocks on their door demanding to know why they were living in his home. Turns out the gentleman's son was supposed to be caring for the house while he was working overseas. Instead, the son forged his father's signature, sold the home, and kept the money. The forgery was facilitated by the fact that the son was a junior so the name on his ID matched all the legal documents.

The title insurance policy covered the father for the value of his home and the issuing title company pursued monetary restitution from the son for the money he received after he illegally sold his father's house.

They Built The House In The Wrong Place

A Real Estate Attorney shared in a chat an incident in which the original house was built in the 1930s. In 1998, a second owner attempted to sell the home only to be informed by the buyer's bank that the house had been built on the wrong lot. Apparently, property lines and lots got jumbled a lot in this area in the early 1900's and this error in the deed wasn't discovered when the first owner sold it. And it was a big error.

Fortunately, the second owner had title insurance. The issuing title company took on the task of tracking down the original owner's son for signatures to fix the problem. All the research, the document preparation, plus the attorney and registry fees were covered by the title insurance policy.

The Walking Dead

An older woman passed away leaving her substantial home to her six remaining sons. Wanting a quick sale, they priced the home attractively and soon enough new owners were in place. The proceeds were divided among the six brothers, since the seventh brother was a sea captain that had been declared legally dead after having gone missing at sea for over a decade.



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Sometime later, the sea captain, who was very much alive, attempted to visit the home only to discover his mother was gone and the house had been sold to strangers. He promptly sued the new owners for his inherited share of the home. Thankfully, with owner's title insurance in place, the new owners could rely on the title company to navigate the complex legal situation and reach a resolution.

Happens Much Too Often

The last example is not at all strange. In fact, it is compelling for the opposite reason, it highlights a common risk homeowner's have when they bypass an owner's title insurance policy. Mr. Ford, nearing retirement uses a big portion of his life savings to buy a beautiful plot of land in the country. The plan is to build his dream home and enjoy a peaceful retirement. Shortly after closing, he discovers that the prior owner had not paid an undiscovered lien against the property. Mr. Ford is suddenly accountable for a \$100,000 debt.

During the purchase of the property, Mr. Ford had been required to purchase title insurance for the benefit of his lender, which meant the bank was protected from any loss related to the property. However, Mr. Ford did not know he had an option to purchase owner's title insurance which would have released him from liability and saved him from a financial disaster.

Conclusion

You might believe that because you have never known someone who had any issues like these or because they never have happened to you that these occurrences are rare. But they do happen and for a relatively small fee, you can have peace of mind that these issues, or even other issues, can be handled by your title insurance policy and keep you from losing your new home.
