



Primer on What Does Title Insurance Cover? And importantly, What It Does Not Cover . . .

What does Title Insurance Cover?

It is protection for one of the most expensive assets you may own, your home. Problems with the title to your real property can limit the use and enjoyment of your real estate. Protection against hazards of title is available through a unique coverage known as title insurance. Unlike other kinds of insurance that focus on possible future events and charge an annual premium, title insurance is a one-time payment and is a safeguard against loss arising from flaws and defects already existing in the title. It is therefore a contract of indemnity to protect you (or your lender) from the possibility of financial loss through defects that may “cloud” the title for as long as you own the property.

Insuring title begins with a search of the public land records for matters affecting the title to the subject property. The search process is detailed and extensive and works to eliminate risk upfront, rather than realizing a loss later. Over 1 out of 3 searches can find potential warnings or actual flaws in title that must be addressed or fixed before you go to a closing. Here are some examples of typical problems:

- Access issues, boundary line problems, or other encroachments
- Deeds, wills, and trusts that contain improper vesting (legal description) and/or incorrect names
- Outstanding mortgages, judgments, tax liens, assessments, or unpaid HOA dues
- Easements
- Incorrect Notary acknowledgements
- Mechanic liens
- Defective foreclosures
- Probate problems

Title insurance also involves insuring “off record risks” (sometimes called hidden defects) which cannot always be discovered by an exhaustive search of the public land records. Your Owner’s Title Insurance Policy protects you against such unforeseen hazards as:

- Fraud & Forgery
- Incapacity, lack of competency, or legal authority by prior owners
- Missing heirs
- Improper execution of deeds or various instruments (error, omissions, or lack of joinder)
- Void judgments or court orders
- Name confusion of differing persons
- Mistakes in examining the public land records
- Adverse Ownership (possession or easements)

Title insurance oftentimes requires that the title insurance company provide you with a legal defense against any attack on your title. Accordingly, that may require defending a lawsuit, opening up a quiet title action on your behalf, or simply obtaining corrective documents to resolve a title defect.

Your mortgage lender also has a great financial interest in the property you are acquiring. A Lender’s Policy covers them for the amount of the loan, but decreases and eventually disappears as the loan is paid off. However, the separate Lender’s Policy does not protect your interest as a property owner.

Always request an Owner’s Policy to protect your individual interests in real estate.



What does Title Insurance not Cover?

It is important to understand that title insurance covers what has happened with the title to your property in the past and not what may happen to your title in the future. Accordingly, if you create a flaw in your title after (or sometimes even before) your policy has been issued, you assume that self-created risk. Some examples of issues or matters where title insurance coverage might not be available are:

- Adequacy of utilities or similar services needed for your property
- Failure to pay your mortgage
- Failure to obey or abide by restrictions placed on your property (e.g. subdivision laws, zoning ordinances, HOA declarations) that were disclosed to you in your policy
- Failure to pay contractors or materialmen for work performed on your property
- Ability to sell your property in the future (loss of marketability caused by future acts)
- Ability to obtain a loan and create a mortgage on your property
- Fire, flood, theft or similar losses
- Future use or development of your property
- Government condemnation, seizure, or eminent domain proceedings
- You cause the ownership of your property to change without getting an endorsement to your policy to continue to cover the property with that new ownership (e.g. move to a Trust or LLC)
- Defects you caused or you had knowledge of prior to the date of your policy and failed to disclose those facts to the title company

It is imperative that you carefully review and understand all Exceptions to Coverage contained in your title policy. These disclosures are important information about the condition of title to the property.

You will receive a copy of a Title Commitment (a binder to insure) before your real estate transaction is consummated. It is possible that several matters will be disclosed in your Title Commitment that will result in no coverage for the title to your property (see Section B-II). Some of these exclusions or exceptions may be subject to negotiation (therefore discretionary) for obtaining additional coverage for such matters. This additional coverage is most often in the form of a stand-alone Title Insurance Endorsement specifically created for the subject matter risk. Title Insurance Endorsements will have an additional cost to you in addition to your title policy standard premium. Seek legal advice for any questions or concerns you might have.

For more information see, [70 + Ways to Lose Your Property](#)

How the Title Insurance Industry Benefits Consumers and Society

At no cost to the taxpayer the title insurance industry,

- Collects \$1.75+ billion per year in back income taxes
- Collects \$3+ billion per year in delinquent real estate taxes
- Collects \$325+ million per year in delinquent child support payments
- Spends \$225+ million per year to correct errors in the public land records
- Spends \$170+ million per year to purchase copies of recorded documents and other data from local governments

We protect the dream of home ownership, eliminate risk upfront, help people create wealth, drive an important element of the nation's economy, and offer services and products that no one else does.



TITLE COMPANY of the rockies

At Title Company of the Rockies we are very proud to represent six nationally renowned Title Insurance Underwriters. We will work hard finding the “right fit” for your particular transaction or project. No other title company in our region maintains an equivalent stable of underwriters that yield the national strength, underwriting support, and preferred pricing we can apply to your overall real estate efforts. To learn more about our title agency dedicated to the Colorado High Country for over 30 years and our growing family of title companies, see [About Us](#).

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Project work for adjoining counties is available on a pre-approved basis. Title insurance is available on a statewide basis. Closing services can be provided throughout the State of Colorado and Nationally.

October 2014

Special Acknowledgement and Attribution is made to Westcor Land Title Insurance Company, Bo Edwards, Esq. of Westcor Land Title Insurance Company, Stewart Title Guaranty Company, First American Title Insurance Company, and the American Land Title Association for some the source material contained in this Primer.

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