

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

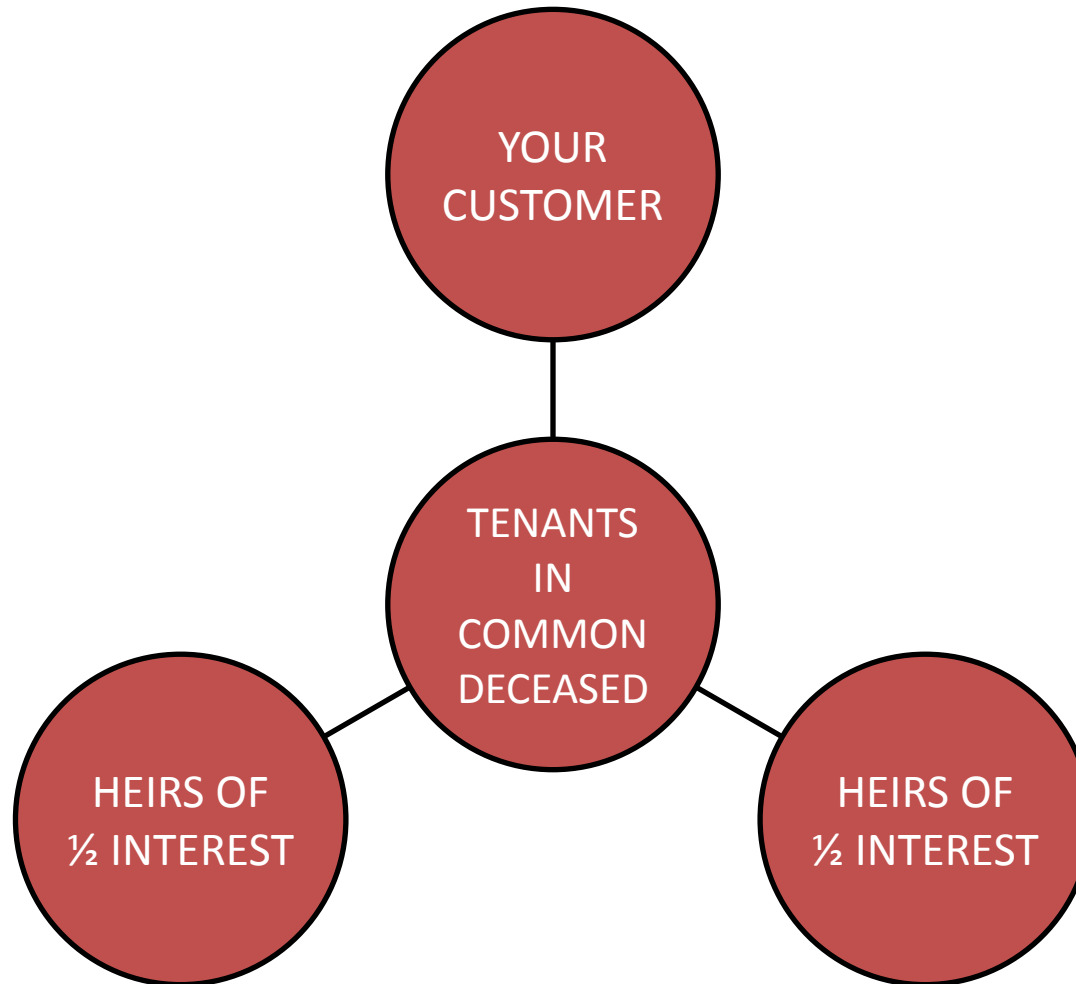
Claims Statistics

- 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 2687, Chapel Hill, North Carolina 27515-2687
919.968.2200 | invtitle.com

Commitment No.: 209910065NR

SCHEDULE A (Continued)

30 ¼ W 22 poles to a stake in road; N 70 ½ W 6 ¼ poles to a stake in the road; N 44-¾ W 25-¾ poles to a beech (gone); N 36 E 94 poles to the beginning, containing 21 acres and 10-2/5 poles, more or less.

SECOND TRACT: Beginning at a stake in the road, thence S 9-¾ E 20 poles to a stake in road; S 1 E 14 poles to a stake in road; S 11 E 28 poles to a stake in road; S 22 W 21-¾ poles to stake in road; S 4 ½ W 14 poles to stake in road; S 34-¾ E 18 poles to stake in road; S 42 E 18 poles to stake in road; S 42 E 23-¾ poles to stone; S 84 ½ E 8-4/5 poles to stone; N 37-¾ E 97-¾ poles to stone; N 9 W 8-¾ poles to corner; N 33-¾ W 50 poles to C.O.; N 23 ½ W 45 poles to W.O.; S 52 W 63-¾ poles to the stake in the road, the beginning, containing 61 acres and 76 ¼ poles, more or less.

PARCEL FOUR

Beginning as a stone, thence S 54 W 22.4 poles to a stone; S 36 W 38 poles to a hickory; S 73 W 52 ¼ poles to a stone; S 10 ½ E 11-¾ poles to a pine stump; N 69 ½ W 86 poles to a sassafras; N 50 ½ W 13 poles to a C.O.; N 60 ¼ W 15 poles to a stone pile; S 86 ½ W 14 poles to a rock; N 7 E 51 poles to a stone by the run; N 86 ½ E 10 ¼ poles to a beech stump; N 3 ½ W 2.8 poles to bar post; S 84-¾ E 16 poles to stone; N 78 E 16 poles to hickory pointers; S 89 E 20 poles to a stone; N 62 E 12.4 poles to stone; S 76 E 33.4 poles to mulberry; N 61 ¼ E 13.2 poles to poplar; N 58-¾ E 14 poles to W. Walnut; S 82-¾ E 7.6 poles to stake in road; S 4 ½ W 14 poles to stake in road; S 34-¾ E 18 poles to stake in road; S 42 E 23.6 poles to stone; S 47 ¼ W 7 poles to stone, the place of beginning and containing seventy-four (74) acres, more or less, but being a sale in gross and not by the acre.

Issued through the Office of:
West Virginia Bankers Title, LLC
PO Box 151
Kingmont, WV 26578
Tel. (877) 439-4910 Fax 877-451-8826
Email wvbt@titlesinsured.com

Gane Smith

Authorized Countersignature

This page is only a part of a 2016 ALTA® Commitment for Title Insurance issued by Investors Title Insurance Company. This Commitment is not valid without the Notice; the Commitment to Issue Policy; the Commitment Conditions; Schedule A; Schedule B, Part I—Requirements; Schedule B, Part II—Exceptions; and a counter-signature by the Company or its issuing agent that may be in electronic form.

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Form No. 201-16-A

ALTA Commitment Form - 2016
(Adopted 08-01-16) (Technical Corrections 04-02-2018)
Schedule 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

9011 Arboretum Parkway, Suite 110

Richmond, VA 23236

1.800.830.1414

www.bankerstitle.com

rparker@bankerstitle.com

Bankers Title Shenandoah, LLC

20 Bobby's Way, Suite 101

Staunton, VA 24401

540.678.8200 or 1.888.437.9560

www.bankerstitleshenandoah.com

brutherford@bankerstitleshenandoah.com

Virginia Title Center, LLC

3565 Electric Road, Suite J

Roanoke, VA 24018

540.772.0585 or 1.800.468.5811

www.viriniatitlecenter.com

bfothergill@viriniatitlecenter.com

West Virginia Bankers Title, LLC

PO Box 151

Kingmont, WV 26578

1.877.439.4910

www.titlesinsured.com

rshowalter@titlesinsured.com