

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

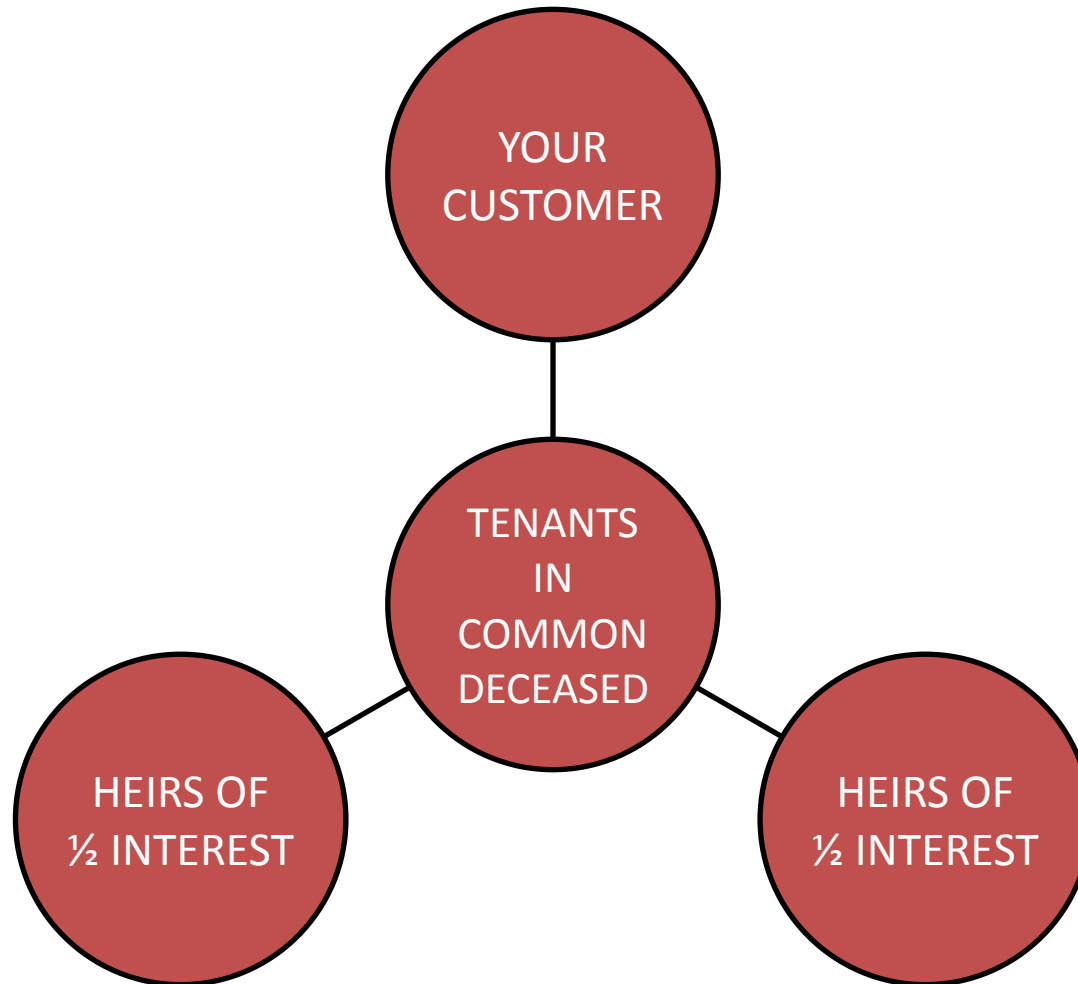
Claims Statistics

- 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)

5. The Land is described as follows:

PARCEL ONE

FIRST TRACT: Beginning at a Dogwood and running thence, S 61 ½ E 53 poles to a stake; thence S 29 ¼ W 82 poles to a C.C.; thence N 36 W 45 poles to a W.O.; thence N 41 W 27 poles to a R.O.; thence N 8 E 18 ½ poles to a W.O.; thence N 48 E 36 poles to the place of beginning, containing 25 acres and 113 poles, more or less.

SECOND TRACT: Beginning at a Beech and running from thence N 20 E 72 poles crossing Upper Bear Run to a W.O.; thence N 3 E 83 poles to a Beech; thence S 72 W 142 poles crossing Laurel Fork to a C.O.; thence S 39 E 45 poles to a Chestnut; S 15 E 60 poles to a Spa Oak; S 86 E 60 poles crossing said Laurel Fork to the beginning, containing 78 acres, more or less;

THIRD TRACT: Beginning at a Beech and running thence S 72 W 142 poles to a C.O.; thence N 29 ¼ E 82 poles to a stake; thence S 68 ¼ E 99 poles to the place of beginning, containing 27 acres and 144 poles, more or less

PARCEL TWO

Beginning at a hickory, thence S 11 E 11 poles to a stone and hickory pointers; thence S 7 4 E 11 ½ poles to a dogwood; thence N 41 ½ E 2-4/5 poles to a sassafras; N 67 E 18 poles to a stone; N 84 E 6-4/5 poles to a hickory; S 61 E 6-1/5 poles to a black oak; S 52-3/4 E 6-3/5 poles to a stone; N 74 E 19-4/5 poles to a black walnut; N 73 ½ E 30- 3/4 poles to a stone; S 37 ¼ E 4 poles to a stone; N 27 E 8 poles to a stake in the road; N 30-1/4 W 22-2/5 poles; N 70-1/2 W 6 ¼ poles, N 44-3/4 W 25-3/4 poles to a beech (gone); thence 78 ¼ W 9 ½ poles to a stone; S 50 W 6 poles to a stone; S 54 W 22-2/5 poles to a stone; S 36 W 38 poles to a hickory; S 73 W 11 poles to the place of beginning, containing twenty two (22) acres and seven and one-half (7 ½) poles, more or less.

Issued through the Office of:
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Jane 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

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