

# Why a Title Insurance?

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Nearly set to purchase a house, you hire a renowned company to conduct a title search on your behalf. You are confident that with their thorough search, not to mention the substantial amount that you are paying them, there will be no problems, at least until the next few years. Soon after your real estate attorney advises you to obtain title insurance. You ask, "If title searches are as comprehensive as they are supposed to be, what is the need for a title insurance?"

The answer is simple. Title searches are not perfect and are disposed to miss some technicalities, this occurrence occasionally being beyond the title searcher's control. On that account, a title insurance shields the buyer of the property, as well as the mortgage lender, from problems that property-transfers entail, as well as impending ones brought about by the title searcher's oversight of details. For a single payment of the premium by the buyer, an amount ordinarily the rough equivalent of the purchase price, the insurance company guarantees the buyer title to the property.

How does the title insurance shield the buyer? Its use is commonly demonstrated when the property mortgage is unintentionally unnoted by the title searcher, which when left unpaid, will continue to be a property lien. Therefore, there is that risk of foreclosure, new owner notwithstanding. The title insurance would then settle the unpaid balance of the mortgage in order to get rid of the lien.

As mentioned, problems with title are inevitable and title searches at times are not the ones to blame. Such problems include the loss or erroneous cataloging in the county registry of documents (e.g., deed and mortgage). As well, delays in the entering of data in public records can be an issue, as additional information such as mortgage and lien may have not been included during closing. If these are not settled at closing, the new owner will be obligated to shoulder these costs later.

Another problem that could be prevented by title insurance is the forwarding of an incorrectly executed document to the recording office. Errors are likely to escape the attention of a recorder with a heavy workload.

However, the possibility of fraud should also be considered. In this event, the unknowing buyer, duped by a falsified or bogus deed, will nevertheless be covered by the title insurance. The deed, by design, is a document that would enable the conveyance of its creator's ownership rights to the new owner. Therefore, a buyer who gets a hold of a forged deed is not legally entitled to the property, as the forger did not possess the property to begin with. If the lawful owner presses charges against the buyer, the title insurance will organize a legal defense and take care of the legal fees. If it is proven that the claim is well-founded, the title company will pay the new owner back for all damages, including the cost of the policy.

Worth noting is the fact that a deed does not indicate liens and unsettled claims on the property. Likewise, the incorrect declaration of the former owner of his civil status could lead to his legal spouse making a claim on the property. Moreover, faulty deeds could prove problematic, brought about by its execution of mentally unfit individuals or those with powers of attorney that are null and void, or irresolution in ownership due to resembling or duplicate names and recording erratum.

Realistically speaking, title searches will not be problem-free. But it is possible to make it problem-proof with a title insurance policy.