

**Protecting
Your Real Estate Investment
With Title Insurance**

A decorative graphic in the bottom right corner of the slide. It features a stack of papers or documents, with a pen resting on top of them. The papers are slightly offset, creating a sense of depth. The pen is dark and positioned diagonally across the papers. The entire graphic is rendered in a dark blue color, matching the background.

OBJECTIVES:

The purpose of this presentation is to educate the consumer on the value and the need for title insurance.

Introduction

- A home purchase is the biggest investment people will make in their lifetime.
- Mortgage loans constitute the nation's largest single category of institutional investments.
- Real estate is the nation's largest asset.
- Title problems arise in one out of every four real estate transactions.

Is a deed sufficient evidence of ownership of the property?

No – you need a deed and title insurance.

History of Title Insurance 101

- Late 1800's – creation of title insurance, first title insurance company was founded
- Shift of title insurance from local enterprise to a national industry during the post World War II housing boom
- Modern title insurance has standardized assurances and the financial backing of large insurance companies
- Today, title insurance plays a critical role in the U.S. economy

Title Search

- A title search is an examination of records in the county offices (Recorder, Clerk, etc.) or similar records housed in a title company's title plant.
- These records cover all recorded documents, judgments, other liens, general taxes, street easements, sewer assessments, special taxes and levies, and other matters.
- This review of records provides advance warning so problems can be eliminated whenever possible.

Attorney's Opinion

- An attorney's opinion is a written statement of an attorney setting forth what he or she believes to be the condition of a real estate title.
- Recourse is against the attorney and then the attorney's malpractice insurance.
- One year statute of limitations to make a claim.
- With title insurance, direct recourse is against the insurance underwriter with the backing of assets and reserves of a large insurance company.

Dayton Daily News



CHANCE OF P.M. RAIN
High 56, Low 44.
FORECAST, 68

FRIDAY
MARCH 29, 2002

NEWSSTAND PRICE
FIFTY CENTS

Vandalia title agency abruptly closes its doors

DAYTON DAILY NEWS 9A

Equity Land Title ceases operations

BY TIM TRESSLAR AND
CHRISTOPHER MONTGOMERY
Dayton Daily News

VANDALIA — Equity Land Title Agency Inc., which bills itself as Dayton's largest title closing company, temporarily ceased

operations on Thursday due to what it called "extraordinary circumstances."

Company officials reached at the main office in Vandalia declined comment.

However, a recorded message the company's phone announced closure and advised clients to look elsewhere for assistance.

The message said: "We regret announce that due to extraordinary circumstances, Equity Land Title Agency has temporarily ceased

operations. We regret any inconvenience this suspension of operations may cause. Please contact lending institutions

FROM THE FRONT PAGE

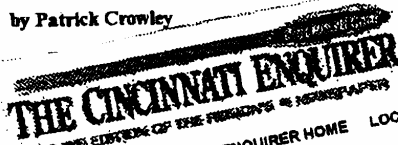
Title agency collapse blocks sale attempt

EQUITY LAND TITLE AGENCY Inc. in Vandalia temporarily ceased operations on Thursday due to "extraordinary circumstances."

Please see EQUITY/9A

Homebuilder's scandal means brisk business for title insurance

by Patrick Crowley



May 21, 2002

Monday, May 20, 2002

ENQUIRER HOME LOCAL SPORTS BUSINESS TEMPO ENTERTAINMENT

Erpenbeck fiasco making more weigh title insurance

By Ken Altucker kaltucker@enquirer.com
The Cincinnati Enquirer

261 buyers still have first mortgages do not hold title insurance

liens on their homes and

lea bargain with federal to some crimes. The former president and vice president Marc also being investigated by Peoples Bank, the company consultant from

the whole to look seriously at new home," said Joe

pressures and distractions of moving into a new home, i.e. arranging the move, enrolling children into new schools etc.

There was not enough time prior to closing to understand the function or importance of title insurance.

So Ormer's firm has begun a consumer awareness campaign to educate homebuyers about title insurance. It includes introducing them to owner's coverage very early in the process; providing literature to homebuyers on title insurance; following up with the homebuyer to determine if they are interested in insurance; and at the closing provide information and the appropriate procedures for the purchaser to select or decline coverage.

"We took it upon ourselves to make people aware and help them make the decision about insurance," Ormer said.

Meanwhile, during an Aug. 14 meeting of the Kentucky Land Title Association that was held just outside of Cincinnati in Fort Mitchell, Ky., title agents applauded a call for more regulation in their industry.

The agents told Kentucky state Rep. Jon Draud, a Republican from Crestview Hills, Ky., they would like to see

... to be one out of every 10 or 15 people would buy it," Smith said. "Now, I'm seeing five or six out of every 10 buy it."

The exact number of new title insurance policies is impossible to determine, but most mortgage companies

- TODAY'S ENQUIRER
- Front Page
- Local News
- Sports
- Business
- Tempo
- Travel
- Health
- Technology
- Weather
- Back Issues
- Search
- property closings and
- the company's accounts at Peoples

What is Title Insurance?

- Title insurance is an insured statement of the condition of title or ownership rights to a property.
- Two Basic Types: Lenders title insurance (Loan Policy) and Owner's title insurance (Owner's Policy).
- Loan Policy is based on the amount of the loan and protects lender's interest in property.
- Owner's Policy is issued in the amount of the real estate purchase, and protects the owner for as long as owner or his/her heirs have an interest in the property.

What is Title Insurance (cont'd)?

- Risks are identified and corrected prior to completing the transaction.
- Cost of legal fees to defend attacks on title are covered.
- Title insurance also pays valid claims.
- Search and Examination/Underwriting/Closing.

The Value of Title Insurance (Owner's Policy)

- Owner's insurance protects you against *what you don't know*.
- Protects property owner against human errors of lawyers, surveyors, and others that may cause owner financial loss
- Protects property owner against financial loss due to title defects
- Provides defense to property owner in all legal actions or proceedings alleging the title to be other than as insured

Source: Lawyers Title Brochure "When You Buy Real Estate"

What is a Title Policy?

- A title policy describes your property in detail and states what limitations, if any, there are to ownership.
- **A title policy guarantees that the property is free of undisclosed liens, rights of ownership and guarantees that you own the property.**

Source: "All About Title Insurance" brochure, Ohio Department of Insurance
"Protection is Our Policy" brochure, First American Title Insurance Company

TITLE TEST



The Berringer Family purchased their new home in July from the 3 heirs of the Johnson estate; 6 months later, a letter arrives from Freddie “Black Sheep” Johnson demanding his $\frac{1}{4}$ interest. What do you do?

- A) You let Freddie move into the back bedroom indefinitely**
- B) You ask Freddie if he has other brothers or sisters**
- C) You contact the title company that issued your owner's policy**
- D) You tell Freddie to call his siblings and have them split their shares**

Top 10 List Title Risks

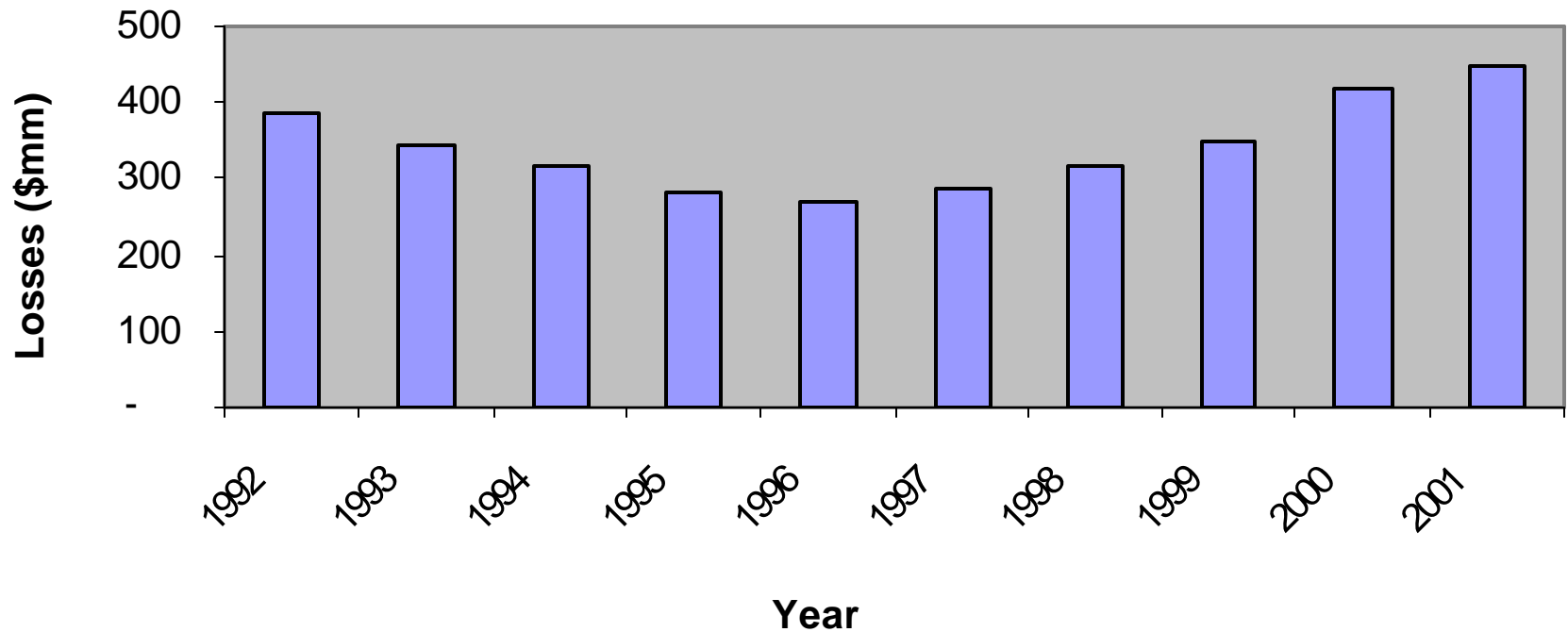
- 10. Conveyance by heir or survivor of a joint estate, who was convicted of the murder of the decedent.**
- 9. Deed to land including “wetlands” subject to public trust.**
- 8. Deed signed by mistake (grantor did not know what was signed).**
- 7. Undisclosed but recorded federal or state tax lien.**
- 6. Undisclosed but recorded prior mortgage.**

- 5. Erroneous or inadequate legal description.**
- 4. Forged notarization or witness acknowledgment.**
- 3. Deed not properly recorded (wrong county, missing pages or other contents, or without required payment).**
- 2. Deed by person who is insane or mentally incompetent.**
- 1. Forged deeds, mortgages, satisfactions or releases.**


Source: "70 Something Ways to Lose Your Property", First American Title Insurance Company

Title Industry Claims Expense

Claim Losses



TITLE TEST



Joe Smith was shocked to learn that the title examiner had missed a large sum in back taxes that had to be paid. What happens next?

- A) The county treasurer told him he didn't have to pay it because the taxes were not in his name at the time.**
- B) Joe Smith happily paid the treasurer the money.**
- C) Because Joe Smith had purchased an owner's policy and the error was made on the title exam, the title company paid the taxes on Joe Smith's behalf.**

How Much Does It Cost?

- For a one time fee, title insurance identifies title problems found in a title search of public records, will pay valid claims if a loss is incurred, and will pay for defending an attack on title as insured.
- The policy is issued in an amount equal to the purchase price (Owner's) or loan amount (Loan).
- Fees for the insurance policy are regulated by the State of Ohio, Department of Insurance.

COMPARISON PRICING

(Purchase Price \$150,000)

Owner's Coverage	\$150,000	\$ 862.50
Simultaneous Issue of L.P.		+ <u>\$ 100.00</u>
Total Cost O.P. and L.P.		\$ 962.50
Loan Coverage	\$120,000	- <u>\$ 480.00</u>
Difference for O.P.		\$ 482.50

Less than ½ of 1% of your purchase price to protect your real estate investment.

Source: Old Republic National Title Insurance Company

Who Are Title Agents?

- Title agents are licensed to issue title insurance through insurance underwriters that screen each title agent's credentials and audit periodically to ensure compliance.
- Title agents must pass a test issued by the State of Ohio Department of Insurance and maintain their licenses through continuing education credits.

Where Do I Get Title Insurance?

- Title insurance is issued by “monoline” title insurance carriers, which are heavily regulated by each state. By law, only licensed title insurers can issue title insurance.
- Policies are issued by title underwriters or agencies.
- Ask your attorney, real estate agent or lender to recommend a reputable title company.

Source: “ All About Title Insurance” brochure, Ohio Department of Insurance
American Land Title Association “Facts About Title Insurance”

How Do I Find A Title Agent?

VISIT WWW.OLTA.ORG

*A title insurance policy provides you with
peace of mind...*

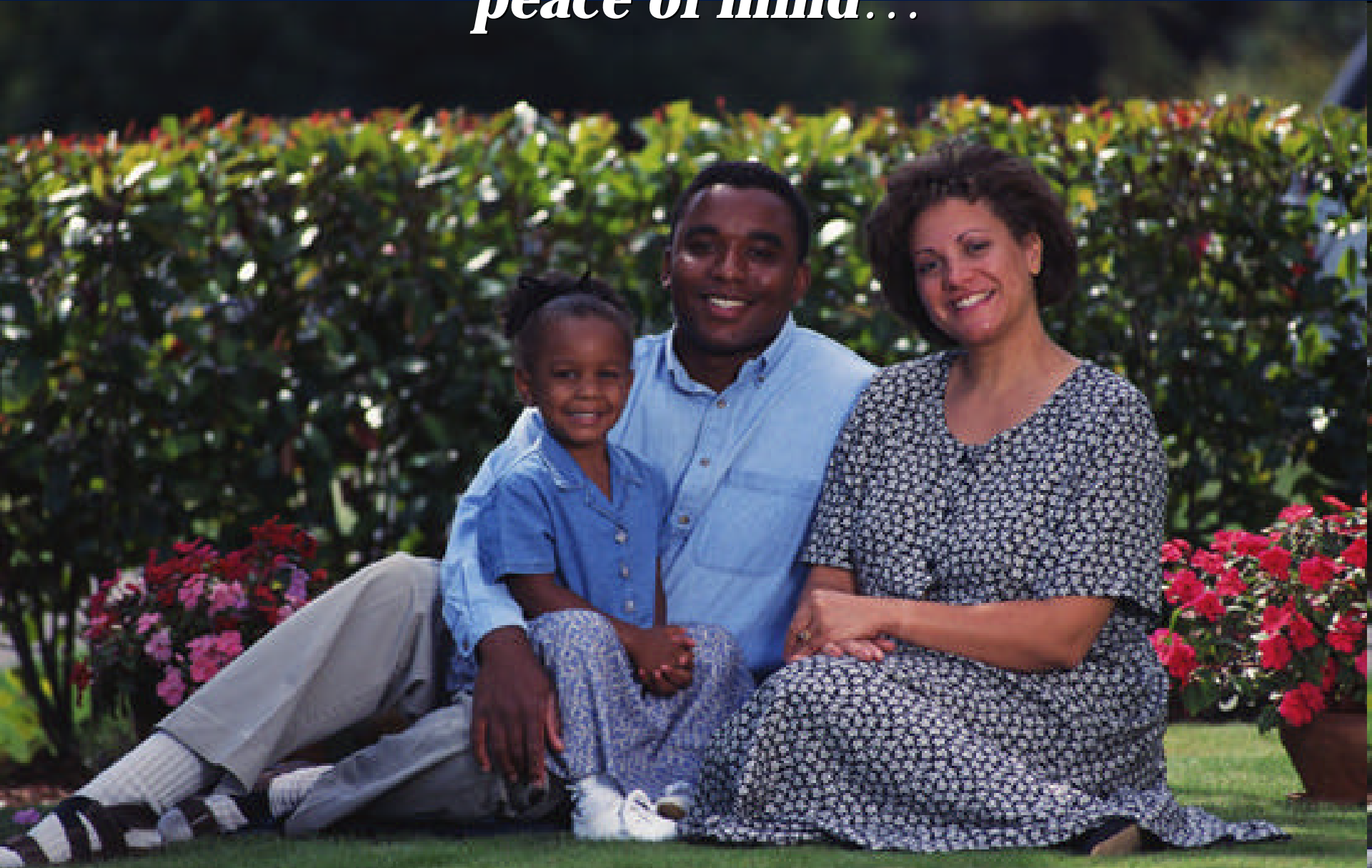


Photo courtesy of Chicago Title Insurance Company

CONTACT INFORMATION

For more information or a copy of
this presentation, please contact
The Ohio Land Title Association
2500 E. Main Street, Suite 100
Columbus, OH 43209-2483
(614)235-5001
(888)292-OLTA
www.olta.org