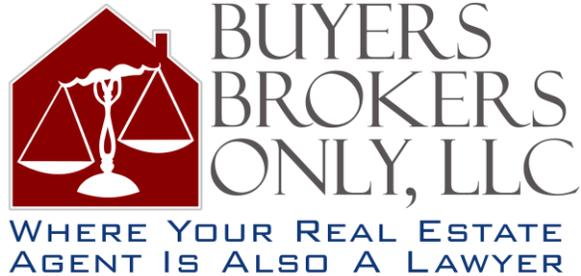


## Examples of Title Problems Your Owner's Title Policy Protects You Against

- Missing Heirs
- Forged Documents
- Impersonation
- Unpaid Taxes
- Fraud
- Outstanding Liens
- Improperly Executed Documents
- Deed of Only a Partial Interest
- Easements
- Liens for Death Taxes
- Mortgages of Prior Owners
- Deeds by Insane Persons
- Deeds by Minors
- Lack of Access to the Property
- Defectively Acknowledged Documents
- Incomplete Probate Proceedings
- Unindexed or Misindexed Documents
- Missing Registry Records
- Unrecorded Releases



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# ABOUT OWNER'S TITLE INSURANCE

## Questions & Answers



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## What is Title Insurance?

In Massachusetts, the attorney who represents the bank is required to search the title at the Registry of Deeds to the property that is being mortgaged and to certify that the buyer has a good, clear, record and marketable title. The buyer must pay the legal fees for the title examination and certification. The bank will also require that the attorney make provisions for title insurance from an approved company to insure its mortgage. The policy that protects the bank is called Lender's Title Insurance. The buyer pays the premium for this policy, even though the policy benefits only the bank, however, at the loan closing the buyer will be given the opportunity to purchase Owner's Title Insurance. This policy will protect the buyer. The purchase of an owner's policy is **entirely optional**, but it's good protection that you will want to seriously consider.

## Questions & Answers About Title Insurance

**QUESTION:** Since the attorney must certify the title to me as a new purchaser, why would I want to buy title insurance?

**ANSWER:** The attorney's certification is based only on the record title for the last fifty-year or so. If a problem does not appear on record during that period, then the attorney's certification will not protect you, because the attorney is not expected to be able to identify, for example, forged documents or those executed fraudulently or under duress, or such matters as undisclosed heirs, or misindexed instruments. On the other hand, a title insurance policy would protect against these and many other matters because it is a contract of indemnity.

**QUESTION:** What is the likelihood of there being a title problem that is not covered by the attorney's certification?

**ANSWER:** The likelihood is not great, but the financial ramifications could be devastating. It is sometimes very expensive and time consuming to cure even simple title problems, and if a problem can't be solved the financial loss could be borne solely by the owner of the property.

**QUESTION:** What does title insurance do if a covered title problem is discovered?

**ANSWER:** The title insurance company has the option either to cure the problem at no cost to the policyholder or pay the policyholder for the loss sustained, subject to any applicable deductibles or liability limits, exclusions from coverage or exceptions. Also, if the problem is discovered at the time you are selling or refinancing the property, the company will generally agree to insure the future purchaser or lender, so as to allow the sale or refinance to occur.

**QUESTION:** Can I buy title insurance from my local insurance agent for less money?

**ANSWER:** No, title insurance can only be purchased from an approved title insurance agent. The premium rates are set by the company.

**QUESTION:** How much does owner's title insurance cost?

**ANSWER:** It depends on the amount of the sales price, however, if you buy the owner's policy when you pay for the lender's policy, there can be a substantial savings. For example, if you buy a house for \$170,000 and get a mortgage for \$150,000 and decide to purchase only the loan policy for the lender, the

premium will be about \$375. If you decide later to buy an owner's policy the premium for that policy will be about \$680. That's a total of \$1,055. (You'd also have to pay another attorney to do additional title work.) But if you decide to purchase the owner's policy at the time you buy the property, the total premium for both policies will be about \$855. That's a savings of at least \$200. **(Rates subject to change.)**

**QUESTION:** If I buy title insurance for the price paid for my home, what happens if the property increases in value?

**ANSWER:** Title insurance has built-in inflation coverage that increases the amount of the policy as the property normally appreciates, up to a maximum of 150 percent of the original amount. That means that if you buy a house for \$170,000 the policy could increase to as much as \$255,000 of coverage without your having to pay any additional premium.

**QUESTION:** How long is an owner's title insurance policy good for, and do I have to pay annual premiums to keep it in force?

**ANSWER:** Owner's title insurance is in effect for as long as you own the property. The policy even provides coverage after you sell your property, if you're sued on warranty covenants in your deed for matters you are not responsible for. Moreover, the premium is a one-time payment and, unlike other kinds of insurance, no additional premium is due after the policy is purchased.

### **DISCLAIMER:**

This brochure is for informational purposes only. Please consult an attorney.