

WHY RISK IT?

Purchasing a home is one of the largest investments you will make in your lifetime. **Title insurance** is designed to help **protect** homeowners from unforeseen legal and title issues such as outstanding mortgages, judgments or liens, pending legal action against your property, as well as fraud.

Understand Your Options

Understanding the products being offered is critical in protecting your investment. Unregulated alternatives to title insurance, such as attorney opinion letters, do not afford consumers or lenders the same protection as state regulated title insurance products.

An **attorney opinion letter** is a legal opinion related to the validity of the title to a parcel of property and the priority of liens attached to the property, based upon a reasonable search of the most current public records available. It is not a guarantee of the state of title, and it does not provide insurance against errors that are not apparent from a reasonable search of the records, or from hidden risks such as fraud or forgery.

Use this chart to help you make an informed decision about the coverage you are seeking when buying or refinancing a home.

	ATTORNEY OPINION LETTERS (AOLs)	TITLE INSURANCE POLICIES
Fraud or forgery	✗	✓
Improper execution of documents	✗	✓
Right of access to insured property	✗	✓
Unrecorded liens	✗	✓
Boundary or survey disputes	✗	✓
Undisclosed heirs	✗	✓
Errors in public records	✗	✓
Mechanic's liens	✗	✓
Marital rights	✗	✓
Failure to complete post-closing procedures	✗	✓
		COMPREHENSIVE PROTECTION

More Coverage. Less Risk. The Clear Choice is Title Insurance.

QUESTIONS TO ASK

Attorney Opinion Letters (AOLs)

Coverage & Experience

- ☐ Has the AOL issuer provided examples of the letter, copies of the transactional liability policy or insurance wrapper, and closing protection offerings?
- ☐ Does an AOL provide as much protection as title insurance when the insuring language, exceptions, exclusions, and conditions (including definitions) are compared side-by-side?
- ☐ Does the AOL issuer provide the same indemnity protections for closing as a Closing Protection Letter (CPL)?
- ☐ How does an AOL address hidden risks such as forgery, fraud, or errors that may not be discovered in a simple public records review?
- ☐ How does the AOL issuer select the attorney reviewing the opinion and their qualifications to provide opinions on easy-to-complicated title issues?
- ☐ Have state insurance regulators approved either and both the AOL issuer's or its insurer's coverage of title risk?
- ☐ Does the AOL issuer have a stable, proven executive leadership team and the financial ability to stand behind its product?

Claims & Reserves

- ☐ Title claims routinely arise 5 or more years after issuance of a title policy. If AOLs are based on an attorney's E&O policy, how is the AOL issuer confirming continued and adequate E&O coverage? What if the attorney retires, goes out of business, or fails to renew the policy?
- ☐ State laws (statutes of limitation) prevent bringing malpractice claims against attorneys after a certain amount of time that can be as short as 1 year. How does an AOL protect the lender after a statute of limitations has passed?
- ☐ What conditions need to be satisfied prior to making a claim for coverage under the AOL?
- ☐ If there is a claim under an AOL, how is the borrower or lender protected?
 - ☐ Does the AOL issuer have a duty to defend the lender if a third-party challenges the lender's lien?
 - ☐ Is there a cap on the cost of defense? If there is, how does this cap affect the borrower or lender?
 - ☐ Is the amount of coverage available under the AOL spread among multiple insureds and beneficiaries?
 - ☐ How does the AOL issuer establish reserves to meet any claims?
 - ☐ What is the data behind statements about claim resolution times?

The Secondary Market

- ☐ How are successors-in-interest covered?
- ☐ If a Fannie Mae loan, is the loan in an area that is "commonly acceptable" for AOLs?
- ☐ Is the property type listed in the buying guide as acceptable for an AOL product?

The Borrower

- ☐ Have the available discounts for title insurance, closing costs, and other fees the borrower pays been compared?
- ☐ In a purchase transaction, does the borrower have to obtain a separate owner's policy to protect their interest?