

Understanding the ALTA Homeowner's Policy of Title Insurance

Title insurance protects you as a homeowner from any sort of title issues. A title insurance company conducts research on a property's title to ensure that it has no claims or liens against it before you purchase it. Title insurance companies also reveal any circumstances that may prevent you from using the property as you intended to, such as conflicts in boundary lines. A title company seeks to guarantee that the title is completely accurate before the home is transferred.

Depending on the State your property is located, the most common title policy is the ALTA Homeowner's Policy of Title Insurance. The following is an outline of the affirmative coverages you get with this policy. Please note that this is just a general outline, you should refer to the policy for a complete explanation of exclusions, conditions, stipulations and deductibles. Each policy will also contain exceptions that pertain to the particular property and parties involved in each transaction.

Standard Coverage

1. Someone else owns an interest in your title.
2. Someone else has rights affecting your title because of recorded leases, contracts, or options.
3. Someone else has rights or claims based upon possession under an unrecorded lease or month-to-month tenancy.
4. Someone claims to have rights affecting your title because of forgery or impersonation.
5. Someone else has an easement on the land.
6. Your title is defective.

Future Title Defects

7. Any of Covered Risks 1 through 6 occurring after the policy date.

Liens

8. Someone else has a lien on your title including
 - a. Lien of real estate taxes or assessments imposed on your title by a governmental authority that are due or payable and were not shown as existing liens by the public records;
 - b. Mortgage;
 - c. Judgments, State or Federal tax lien;
 - d. Charge by homeowner's or condominium association assessed prior to policy date; or
 - e. Lien, occurring before or after the policy date, for labor and material furnished before the policy date.

Encumbrances

9. Someone else has an encumbrance on your title.

Fraud Coverage

10. Someone else claims to have rights affecting your title because of fraud, duress, incompetency, or incapacity.

Actual Access

11. You do not have actual vehicular and pedestrian access to and from the land, based upon a legal right.

CC&R Violations*

12. You are forced to correct or remove an existing violation of any covenant, condition or restriction affecting the land, even if it is excepted in Schedule B.
13. Your title is lost because of a violation of a covenant, condition or restriction, which occurred before you acquired your title, even if it is excepted in Schedule B.

Subdivision Violations**

14. The violation or enforcement of those portions of any law or government regulation, if there is a notice recorded in the Public Records, claiming a violation exists declaring the intention to enforce the law or regulation, concerning: Building; Zoning; Land; Land use; Improvements on the land; Land division; or Environmental protection.
15. The violation or enforcement of those portions of any law or government regulation, if there is a notice recorded in the Public Records, claiming a violation exists declaring the intention to.
16. Because of an existing violation of a subdivision law affecting the land:
 - a. You are unable to obtain a building permit;
 - b. You are required to correct or remove the violation; or
 - c. Someone else has a legal right to, and does, refuse to perform a contract to purchase the land, lease it or make a mortgage loan on it.

Land Condemnation

17. You lose your title because of the right to take the land by condemning it, if:
 - a. There is a notice of the exercise of the right recorded in the Public Records and the notice describes any part of the land; or
 - b. The taking happened before the policy date and is binding on you if you bought the land without knowing of the taking

Building Permits**

18. You are forced to remove or remedy your existing structures – other than boundary walls or fences – because any portion was built without obtaining a building permit from the proper government office.

Zoning Violations**

19. You are forced to remove or remedy your existing structures, because they violate an existing zoning law or zoning regulation.
20. You cannot use the land because use as a single-family residence violates an existing zoning law or zoning regulation.

Encroachment of Insured's Structures**

21. You are forced to remove your existing structures because they encroach onto your neighbor's land.

Encroachment of Neighbor's Structures

22. Someone else has the legal right to, and does, refuse to perform a contract to purchase the land, lease it or make a mortgage loan on it, because your neighbor's existing structures encroach onto the land.

Encroachment onto Easement or Setback

23. You are forced to remove your existing structures, which encroach onto an easement or over a building set-back line, even if the easement or building set-back line is excepted in Schedule B.

103.1 Endorsement

24. Your existing structures are damaged because of the exercise of a right to maintain or use any easement affecting the land, even if the easement is excepted in Schedule B.

Exercise of Mineral Rights

25. Your existing improvements, are damaged because of the future exercise of a right to use the surface of the land for the extraction or development of minerals, water or any other substance, even if those rights are excepted or reserved from the description of the land or excepted in Schedule B.

Discriminatory Covenants

26. Someone else tries to enforce a discriminatory covenant, condition or restriction that they claim affects your title which is based upon race, color, religion, sex, handicap, familial status, or national origin.

Escape Assessments

27. A taxing authority assesses supplemental real estate taxes not previously assessed against the land for any period before the policy date because of construction or a change of ownership or use that occurred before the policy date.

Neighbor's Post-Policy Encroachment

28. Your neighbor builds any structures after the policy date -- other than boundary walls or fences -- which encroach onto the land.

Unmarketable Title

29. Your title is unmarketable, which allows someone else to refuse to perform a contract to purchase the land, lease it or make a mortgage loan on it.
30. Someone else owns an interest in your title because a court order invalidates a prior transfer of the title under federal bankruptcy, state insolvency, or similar creditors' rights laws.

Endorsement

31. The residence with the address shown in Schedule A is not located on the land at the policy date.

Incorrect Map

32. The map, if any, attached to this policy does not show the correct location of the land according to the Public Records.

Eternity and Additional Insureds

33. Your coverage continues in full force and effect after you convey title to into Living Trust.
34. Your coverage continues in full force and effect after you convey title without payment to your wholly owned corporation, partnership, or LLC.

For use in the following states: AK, AZ, CA, ID, MI, MN, MT, ND, SC, SD, TN, UT, WA and WY.

- * This coverage does not extend to any violation that relates to
- (a) any obligation to perform maintenance or repair on the land; or
 - (b) environmental protection of any kind, including hazardous or toxic conditions or substances, unless there is a notice recorded in the Public Records, describing any part of the land, claiming a violation exists. Our liability for this coverage is limited to the extent of the violation stated in that notice.

** Our liability for this coverage is limited as stated in the Policy, which may be less than your actual loss or the Policy Amount.

Because of the nature of and location of certain properties, an inspection of the property may be necessary to determine if additional exceptions from coverage need to be shown in Schedule B of the ALTA Residential Policy or ALTA Homeowner's Policy, which will be noted in the preliminary report. The foregoing chart is intended to highlight only some important aspects of coverage and is not to be construed as expanding or limiting the coverage as set forth in the before mentioned policies. Copies of these policies are available upon request. Decisions on coverage should be made only after a complete review of all of the language of the policies themselves.

