



The TRIDent Group

Are you ready for
The Integrated Disclosures?



#3: What is an Owner's Title Policy?

...AND IS IT REALLY "OPTIONAL"?

*On the new Closing Disclosure and Loan Estimate, the **Owner's Title Policy** is labeled optional". However, "optional" should not be mistaken for unnecessary. Without this important coverage, hidden risks can seriously impact a buyer's investment.*

Just as you would not forego health or auto insurance, a homebuyer needs an Owner's Title Policy for the very same reason. It is important to understand what the Owner's Title Policy covers and what type of incidences could cause problems for unsuspecting homeowners down the road without this coverage.

What is an Owner's Title Policy?

An Owner's Title Policy protects against unexpected problems that could imperil homeownership.

- It is purchased for a one-time fee at closing
- Lasts as long as the buyer or his or her heirs have an interest in the property
- This is the only coverage for the buyer should a title problem arise
- There is no protection for an owner under the Lender's Title policy

What can happen if the homebuyer does not purchase coverage?

Here are a few real-life examples of unpleasant surprises:

Lines of Credit

After closing, the seller writes a \$100K check on the HELOC he just paid off. If there is an Owner's Title Policy the legal costs to remove the lien are covered. If not, the costs are covered by the new owner.

Forgery

The Seller's adult child had a fraudulent POA drawn up and completed a \$100K cash out refinance on the parents home while they were overseas.

GAP coverage

The Seller owed money to a creditor (\$20,000) who filed a judgment 12 minutes before the deed was recorded. It was not "on record" yet to be found by the title company but was ahead of the new owner, so the new owner now has a \$20,000 lien.

Legal Description

A subdivision has 55' wide lots, but on the legal description the builder put the houses on 50' lots, causing a lawsuit between neighbors over ownership of a 20' wide strip. Because the owners purchased policies their legal fees were covered.



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