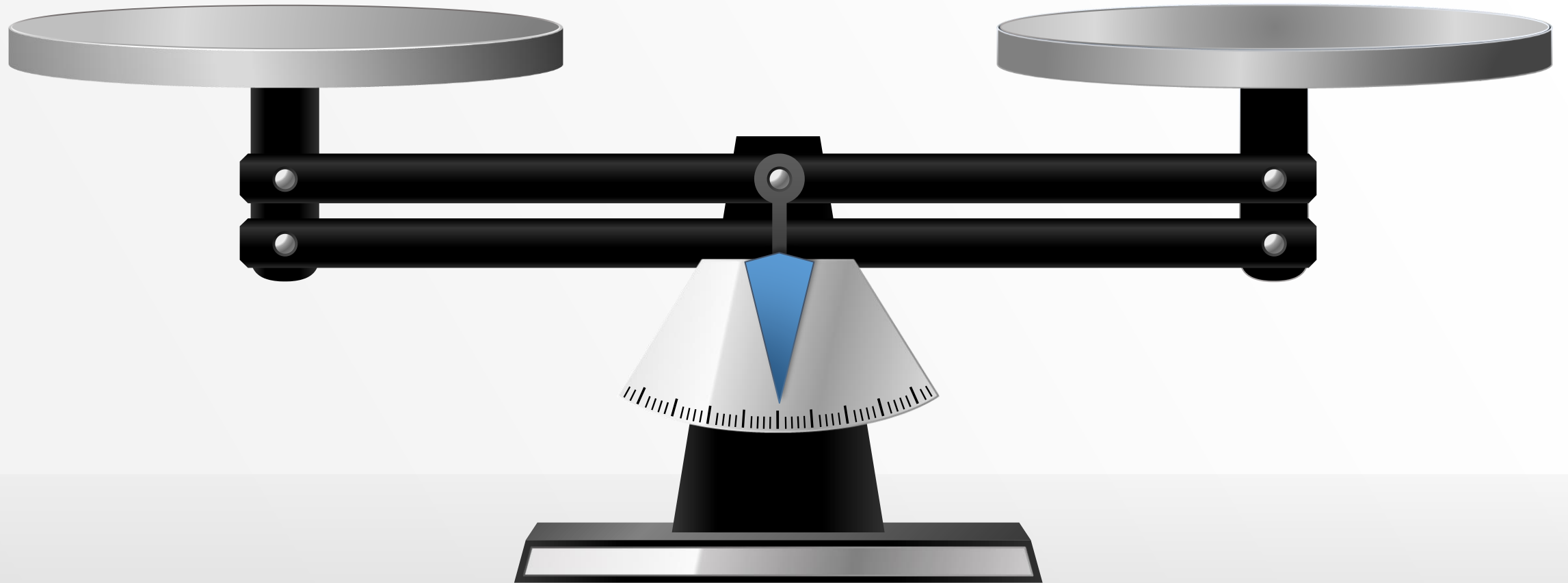


**Standard Policy**

**Enhanced Policy**



**Differences in Title Policies**

# What is a title insurance policy?

Title insurance is a contractual obligation that protects against losses that occur when title to a property is not free and clear of defects (e.g. liens, encumbrances and defects that were unknown when the title policy was issued). Title insurance also guarantees loan priority.

# Types of Title Policies

## Standard Policy

A Standard Owner's Title insurance policy, also referred to as basic or limited, provides basic coverage to homeowners and lenders, such as: any defect in or lien or encumbrance on the title. Unmarketability of the title (i.e. inability to transfer ownership) The lack of right of access to and from the land.

## Enhanced Policy

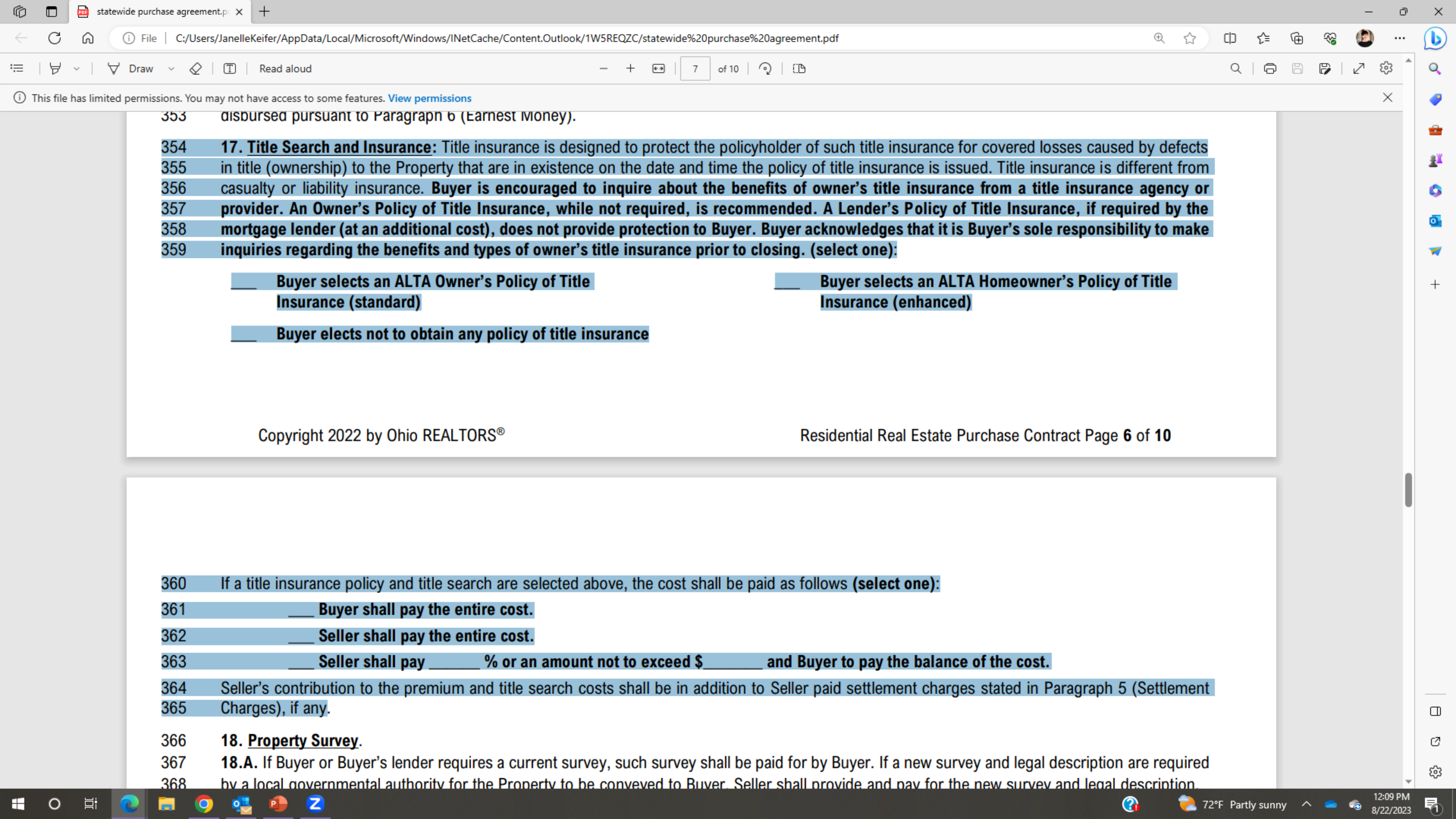
Enhanced title insurance policies include all the coverages of basic title insurance and add protection against a few more risks for good measure: Liens against the property, zoning and building issues, including covenant restrictions and corrections.



# Statewide Contract Language

New statewide contract gives buyers option to purchase standard owner's policy, enhanced owner's policy, or an option for no owner's policy.

Contract also provides choice of who will pay for owner's policy. Seller to pay for entire policy, buyer to pay for entire policy, or seller to pay a % of the policy or an amount not to exceed \$\_\_\_, buyer to pay balance



353    disbursed pursuant to Paragraph 6 (Earnest Money).

354    **17. Title Search and Insurance:** Title insurance is designed to protect the policyholder of such title insurance for covered losses caused by defects  
355    in title (ownership) to the Property that are in existence on the date and time the policy of title insurance is issued. Title insurance is different from  
356    casualty or liability insurance. **Buyer is encouraged to inquire about the benefits of owner's title insurance from a title insurance agency or**  
357    **provider. An Owner's Policy of Title Insurance, while not required, is recommended. A Lender's Policy of Title Insurance, if required by the**  
358    **mortgage lender (at an additional cost), does not provide protection to Buyer. Buyer acknowledges that it is Buyer's sole responsibility to make**  
359    **inquiries regarding the benefits and types of owner's title insurance prior to closing. (select one):**

**Buyer selects an ALTA Owner's Policy of Title Insurance (standard)**

**Buyer selects an ALTA Homeowner's Policy of Title Insurance (enhanced)**

**Buyer elects not to obtain any policy of title insurance**

360    If a title insurance policy and title search are selected above, the cost shall be paid as follows **(select one):**

361     **Buyer shall pay the entire cost.**

362     **Seller shall pay the entire cost.**

363     **Seller shall pay \_\_\_\_\_ % or an amount not to exceed \$ \_\_\_\_\_ and Buyer to pay the balance of the cost.**

364    Seller's contribution to the premium and title search costs shall be in addition to Seller paid settlement charges stated in Paragraph 5 (Settlement  
365    Charges), if any.

366    **18. Property Survey.**

367    **18.A.** If Buyer or Buyer's lender requires a current survey, such survey shall be paid for by Buyer. If a new survey and legal description are required  
368    by a local governmental authority for the Property to be conveyed to Buyer, Seller shall provide and pay for the new survey and legal description.

# Differences in Owner's Policies

## Standard Owner's Policy

- Someone else owns an interest in your title
- A document is not properly signed
- Forgery, fraud, duress in the chain of title
- A lien on your title because there is:
  - A deed of trust
  - A judgement, tax, or special assessment
  - A charge by a homeowners' association
- Unmarketability of the title
- Lack of right of access to and from the land
- Illegal discriminatory covenants

## Enhanced Owner's Policy

- Mechanic's lien
- Forced removal of a structure
- Cannot use the land for a single-family residence because the use violates restriction in zoning ordinance
- Unrecorded line by HOA
- Building permit violations
- Restrictive covenant violations
- Post-policy forgery
- Post-policy encroachment



# Differences in Owner's Policies Cont.

## Enhanced Owner's Policy

- Post-policy damage from extraction of minerals or water
- Lack of vehicular and pedestrian access
- Map not consistent with legal description
- Post-policy adverse possession
- Post-policy prescriptive easement
- Covenant violation resulting in your title reverting to a previous owner
- Violation of building setback regulations

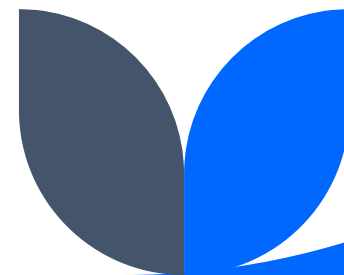
## Enhanced Owner's Policy Other Benefits

- Pay rent for substitute land or facilities
- Rights under unrecorded leases
- Subdivision law violation
- Coverage for boundary wall or fence encroachment
- Insurance coverage for a lifetime
- Post-policy inflation coverage with automatic increase in value for up to 150% over five years



# Cost difference in policies

- Owner's policy cost derives from purchase price of the house
- Typically, in NEO, buyers pay 50% and sellers pay 50%
- Enhanced policy is 15% more than standard policy







# Thank you

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