

Title Insurance with Sam Sasso of Ricketts Harris LLP

Presented August 2010 exclusively to the Members of REIN™



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TITLE INSURANCE



TIPS ON HOW TO KNOW WHAT YOU'RE BUYING



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BASIC QUESTIONS


What is title insurance?

Do I need it?


What will it cost me?

What is covered and what is not covered?

What happens if my claim is turned down?




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WHAT IS TITLE INSURANCE?

- "Title" means you have legal ownership of a property
- The old system made title more difficult to determine
- Title insurance protects you (and your lenders) against losses related to your ownership of the property
- Title insurance protects you from: existing liens; encroachment issues; title fraud; and outstanding work orders




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DO I NEED IT?

- Some lenders require title insurance as a condition of providing funds
- Real estate lawyers are required to advise you that title insurance is not mandatory
- Not all properties can be covered by title insurance (example: more than 6 units)




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WHAT WILL IT COST ME?

- There is a formula for calculating the cost of title insurance
- Generally, the cost is approximately \$350 for a \$400,000 house
- Title insurance is supposed to save you money by lowering your legal fees and eliminating the need for an updated survey in some cases



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WHAT IS COVERED AND WHAT IS NOT COVERED?

- Title insurance is not homeowners insurance
- Title insurance will not cover you for "accepted risks"
- Title insurance will not cover you for work you do to the residence after you become owner
- Be wary of "as is" purchases as that can limit your coverage under title insurance
- Policy terms change so check your policy

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WHAT HAPPENS IF MY CLAIM IS TURNED DOWN?

- The insurer must give you written reasons for turning down your claim
- An ombudsman can review your case
- Act fast, document everything in writing, take pictures if necessary
- If your claim is paid, watch out for the release they ask you to sign

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WHERE TO GO FOR INFORMATION:

- The Financial Services Commission of Ontario ("FSCO"); www.fSCO.gov.on.ca
- Title insurance companies
- Your real estate lawyer