10 Common Title Problems

Have you ever wondered why you need title insurance? Your home may be new to you, but every property has a history. A thorough title search can help uncover any title defects tied to your property. And, subject to the terms of the policy, your title insurance provides protection for you from title problems that may become known after you close your transaction. Some of these common title issues are:

1. **Errors in public records:** To err is human, but when it affects your home ownership rights, those mistakes can be devastating. Clerical or filing errors could affect the deed or survey of your property and cause undue financial strain in order to resolve them.

2. **Unknown liens:** Prior owners of your property may not have been meticulous bookkeepers – or bill payers. And even though the former debt is not your own, banks or other financing companies can place liens on your property for unpaid debts even after you have closed on the sale. This is an especially worrisome issue with distressed properties.

3. **Illegal deeds:** While the chain of title on your property may appear perfectly sound, it's possible that a prior deed was made by an undocumented immigrant, a minor, a person of unsound mind, or one who is reported single but in actuality married. These instances may affect the enforceability of prior deeds, affecting prior (and possibly present) ownership.

4. **Missing heirs:** When a person dies, the ownership of their home may fall to their heirs, or those named within their will. However, those heirs are sometimes missing or unknown at the time of death. Other times, family members may contest the will for their own property rights. These scenarios – which can happen long after you have purchased the property – may affect your rights to the property.

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10 Common Title Problems (cont'd)

5. Forgeries: Unfortunately, we don't live in a completely honest world. Sometimes forged or fabricated documents that affect property ownership are filed within public records, obscuring the rightful ownership of the property. Once these forgeries come to light, your rights to your home may be in jeopardy.

6. Undiscovered encumbrances: When it comes to owning a home, three can be a crowd. At the time of purchase, you may not know that a third party holds a claim to all or part of your property – due to a former mortgage or lien, or non-financial claims, like restrictions or covenants limiting the use of your property.

7. Unknown easements: You may own your new home and its surrounding land, but an unknown easement may prohibit you from using it as you'd like, or could allow government agencies, businesses, or other parties access to all or portions of your property. While usually non-financial issues, easements can still affect your right to enjoy your property.

8. Boundary/survey disputes: You may have seen several surveys of your property prior to purchasing, however, other surveys may exist that show differing boundaries. Therefore, a neighbor or other party may be able to claim ownership to a portion of your property.

9. Undiscovered will: When a property owner dies with no apparent will or heir, the state may sell his or her assets, including the home. When you purchase such a home, you assume your rights as owner. However, even years later, the deceased owner's will may come to light and your rights to the property may be seriously jeopardized.

10. False impersonation of previous owner: Common and similar names can make it possible to falsely "impersonate" a property owner. If you purchase a home that was once sold by a false owner, you can risk losing your legal claim to the property.

Play it Safe

These and other issues are often covered by an owner's policy of title insurance. When you buy a home, make sure you're protecting that investment with title insurance.

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