

TITLE INSURANCE COVERAGE



Not all risks can be eliminated by a title search, since certain “hidden defects” like forgeries, identity of person, incompetence and failure to comply with the law, cannot be disclosed by an examination of the public records. Where the preliminary report is an offer to insure under certain circumstances, the title policy is a contract, providing coverage against such “hidden defects”.

THESE HIDDEN DEFECTS MAY INCLUDE:

- A forged signature on a deed
- Impersonation of the real owner
- Mistakes in interpretation of wills or other legal documents
- Deeds delivered without the consent of the grantor
- Undisclosed or missing heirs
- Deeds and mortgages signed by persons of unsound mind, by minors or by persons supposedly single but are actually married
- Recording mistakes and missed recorded documents
- Falsification of records
- Errors in copying or indexing

In addition to indemnifying the insured against losses which result from a covered claim, the policy also provides for legal fees and defense against future claims against the property.

Extended Owner's and Lender's policies provide broader coverage and are available through the Texas Land Title Association (TLTA). Coverage is extended to certain matters that are off-record but which are generally discoverable by an inspection of the property or by questioning the parties in possession, such as:

- Unrecorded Liens and encumbrances
- Unrecorded easements
- Unrecorded rights of parties in possession
- Encroachments, discrepancies, or conflicts in boundary lines

TLTA Policies are available for lenders or owners, and a “Plain Language” TLTA Residential policy is also available for residential property of one to four units.

