



## TITLE INSURANCE ON NEW CONSTRUCTION? YES, AND HERE'S WHY!

Your buyers are purchasing a newly constructed single-family home or a condo in a newly-built development. Why, they may ask, do they need to pay for title insurance on property that no one has ever owned?

The answer is fairly simple: While your buyers may be the first owners of this newly constructed residence, the chances are there were prior owners of the land that the residence was built upon. A title policy is the safest way to protect against any liens that might exist against the formerly unimproved land. And while, like with any insurance, there are conditions and exclusions with any insurance, an owner's title policy will protect against the most common title issues that a home owner can face.

For example, suppose the developer, in constructing the home, has failed to pay a supplier or subcontractor? Very likely, the injured party will - or perhaps already has - filed a lien against the property.

Additionally, so that there is no question of ownership in the future, a title policy can provide coverage if the land in this brand new subdivision was not properly subdivided, or the owner's new home is not on the correctly identified lot.

Last but not least, title insurance covers any mistakes that might have been made in the recorder or registrar of deeds office. If a lien was filed but not found because of a courthouse error, the lienholder can persist, and the only solution for the new homeowner might literally be to 'sue city hall' - or, in this case, to sue the county.

The fact is, because the lender wants to be sure there is clear title on the property, they will require that a loan policy be purchased. But the loan policy is meant to protect the lender; while it might provide some protection to an owner in some situations, it won't in all situations. Only the purchase of an owner's policy will protect the homeowner against covered threats to title, whether they are discovered before or after the time of closing.

As your title partner, our goal is to support the trust you build with your buyers. Stressing the need for title insurance in newly constructed property is one way to ensure their protection and build productive customer relationships.