



REAL ESTATE LAW

All about Title insurance



Jacques Robert REAL ESTATE LAW

Studies show that title fraud amounts to approximately \$1.5 billion every year in Canada, costing some Canadians thousands of dollars. Even though title insurance is not a requirement in Ontario (there is no law in Ontario which requires purchasers to obtain title insurance), most lenders require purchasers to obtain a title insurance policy before they will provide a mortgage. However, many home buyers and property owners are still unfamiliar with title insurance and what it insures against.

Title insurance was invented in 1868, following a decision from the Pennsylvania Supreme Court, but was not widely used on purchasers until the late 1990s. Before the arrival of title insurance, the owner had the sole responsibility of ensuring the validity of his or her title against liens, and other interests in the property. In its early years, title insurance was only available for purchasers. Today, title insurance is available for all home owners.

Obtaining a seemingly

second insurance policy when you have already purchased an insurance policy to protect against a fire or a flood, may seem baffling. But title insurance is a separate insurance that protects again other aspects of your purchaser that your regular home insurance does not cover. Title insurance is an insurance policy that protects property owners and mortgage lenders against losses related to the ownership of the property. For example, title insurance will protect the owner against:

- Title fraud;
- Existing liens on the property resulting from previous ownership;
- Structures that are encroaching on a neighbor's property;
- Competing interests that prevent the owner from having clear ownership of the property;
- Errors in surveys and building permits; and

■ Other title-related issues that affect the owner's claim to the property.

However, title insurance does not cover:

- Title defects of which the owner was made aware of prior to the purchase;
- Zoning bylaw violations resulting from renovations or additions made the current owner;
- Environmental hazards;
- Native land claims; and
- Unrecorded liens and encroachments.

If you can imagine the ownership of a home on a timeline, title insurance will cover title issues up to the date of the purchase. An owner obtains their regular home insurance for issues that may arise with the property after the purchase date (ie. cracks in the foundation, flooding or a fire) etc.

Contrary to home insurance, title insurance is a one-time fee that varies depending on the value of the property and the chosen insurance company. The coverage lasts as long as the owner has a claim to the property. It can also be extended to the owner's heirs through a will.

The Jacques Robert Real Estate Closing Center uses



METRO CREATIVE CONNECTION

Stewart Title Guaranty Company to provide reliable and efficient title insurance to all of our clients who are purchasing property.

Insurance: What is the Difference?

Purchasers who are buying a new build home may find the various types of insurance confusing, but each type of insurance has its own role to play. Coverage for the different types of insurance includes:

Tarion New Home Warranty

(Insurance on new home builds)

■ Protection for your deposits

■ Compensation of delays in closing or occupancy

■ 7 year warranty for major structural defects

■ 1 or 2 year warranties for certain defects in workmanship and materials.

Title Insurance

■ Fraud

■ Structures encroaching on the property

■ See above article for more information about title insurance coverage.

Regular Home Insurance

■ Damages from a fire or a flood

■ Cracks in the foundation

■ theft

Each type of insurance is important to ensure that purchaser's have the most coverage on one of the biggest purchases of their lives. co-authored with Robin Goski, associate lawyer

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