

# LAWYERS LINK



## TITLE ENDORSEMENTS

### *Customize Your Title Insurance Coverage*

First things first, to understand title endorsements you need to first know that title in real estate is the legal right to ownership of a property. Title insurance protects lenders and buyers from financial loss due to defects (that occurred in the past) in a title to a property. Title defects could include things like unknown liens, errors in public records, delinquent

taxes, or unknown easements. Title coverage is based on the careful research of past ownership records and is designed to address any overlooked or outstanding issues prior to your taking possession of your property.

A title endorsement is something that changes the terms of the coverage in the title policy. Most often an endorsement

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will have the effect of expanding the scope of the policy coverage, however, a policy may also be endorsed to limit coverage.

While the American Land Title Association (ALTA) regulates and sets guidelines for the different types of endorsements on a national level, each state also has its own Land Title Association, which could have additional requirements.

The cost of endorsements will depend on the underwriter and the state in which the sale is taking place.

There are close to 100 types of real estate title endorsements available to homeowners and lenders. You can pick and choose them to custom fit the coverage to your specific property and situation. Some endorsements are offered to both owner's and loan policy, and some are not. The lender may purchase some endorsements or require you to purchase some endorsements. Or, you may choose to purchase some on your own.

**Below are a few common title endorsements.**

### **Easements and Encroachments**

Endorsements for easements and encroachments protect against loss and damage if there is an encroachment or easement violation that results in the removal or alteration of the homeowner's property. For example, if the homeowner must tear down a fence that crosses into the neighbor's yard because the new neighbor demands it be removed, an encroachment endorsement will cover the loss.

### **Minerals and Subsurface Substances**

This type of endorsement covers damage or loss if the home must be altered or removed because an existing right allows an entity to use the land for the extraction or development of certain minerals or other substances. For example, if someone owns the minerals under your land and that mineral owner wants to extract, say, oil from your property, this endorsement will cover the loss or damage incurred from the extraction practices.

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## Survey Coverage

Survey coverage protects the property when there is a discrepancy between the endorsement and policy when identifying the land that's insured. It covers the homeowner or lender if the land identified and insured in the insurance policy is not the same land identified on the survey in the endorsement.

## Access and Entry

The access and entry endorsement helps ensure the homeowner has direct or indirect access to a public street and protects against loss or damage if they do not. This can happen when the property doesn't border a public road, and access to that road typically depends on an easement by necessity to use a neighboring property to get to the road.

## Zoning

A zoning endorsement helps protect from loss or damage caused by a court ordering the homeowner to alter or remove the home or prohibiting them from using the home for a specific purpose because it violates a specific zoning law.

## Contiguity

The contiguity endorsement is common for insured land that contains multiple parcels that make up one property. This type of endorsement ensures there are no other parcels or gaps that intervene and cause the insured parcels to become detached from one another. It covers any loss that occurs when the insured parcels are not adjoining – or touching one another – because there are other parcels, gaps, or gores separating them.

***Please contact your Lawyers Title Sales Executive for more information.***

*This information does not, and is not intended to, constitute legal advice; instead, all information is for general informational purposes only.*



# MONTHLY INDUSTRY TERMS

## Conditions, Covenants, & Restrictions (CC&R's)

A document that controls the use, requirements and restrictions of a property.

## Closing (also called "settlement")

The relationship between the amount of the mortgage loan and the appraised value of the property expressed as a percentage.

## Warranty

The provision or provisions in a deed, lease or other instrument conveying or transferring an estate or interest in real estate under which the seller becomes liable to the purchaser for defect in or encumbrances on the title.