

has lived in the home for only six months. He had a title search done six months ago. Why do I need another one? Because the owner could, in a very short time, do many things to encumber the title. For example, he could grant easements or construct improvements that encroach on adjacent property. It is necessary to conduct an up-to-date title search to uncover any such problems.

If the builder of my home already has title insurance on the property, why do I need it again when I purchase the land from him? A title policy insuring the builder does not protect you. Also, a great many things could have happened to the land since the builder's policy was issued. Liens, judgments and unpaid taxes for which prior owners were responsible may be disclosed after you purchase the property, causing you aggravation and costing you money.

What is the difference between an Owners Policy and a Loan policy? The seller provides an owner's title insurance policy, which is evidence to the buyer that there is a marketable title to the subject property. If there are problems with the title, a title search reveals them and permits resolution of the problem prior to closing. The buyer provides the title insurance loan policy, which protects the lender's security interest in the property and assures the lender of first lien position.

How long does my coverage last? For as long as you or your heirs retain an interest in the property and, in some cases, even beyond.

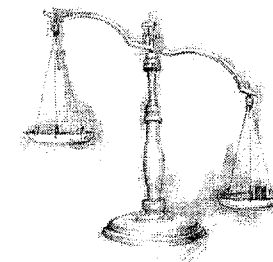
When dealing with real estate the terminology used is often foreign to most individuals. Therefore, if you find yourself "lost" because of some unusual language or term, do not feel alone.

Log onto www.samhoustonlandmark.com to find a glossary of terms and frequently asked questions or contact the title company and they can probably clear the confusion.

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TITLE INSURANCE AND FAQ'S

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The information in this column is not intended as legal advice but to provide a general understanding of the law. Any readers with a legal problem, including those whose questions are addressed here, should consult an attorney for advice on their particular circumstances.

Buying a home is, for many of us the biggest single investment we'll ever make. Knowing this, most homeowners provide for the security and safekeeping of their homes by insuring them against hazards such as fire, theft and weather damage.

But there is another hazard that can pose an even greater risk to home ownership: Defects in the title to your property can cause you to lose part or all of the investment in your home. Fortunately, there is a way to protect your investment from these title defects. It comes in the form of title insurance.

What is title insurance and why do you need it? In this week's column, I provide the answers to these and other commonly asked questions. I suggest that you read through this information carefully. It will help you to better understand the value of title insurance in protecting your home ownership, and the general real estate information will help make the home-buying process a smoother one.

What is a title? A title is the foundation of property ownership. It is the owner's right to possess and use the property.

What is title insurance? Title insurance is your policy of protection against "hidden hazards" - resulting in a claim against your ownership.

What is a title search? A title search is a detailed examination of the historical records concerning a property. These records include deeds, court records, property and name indexes, and many other documents. The purpose of the search is to verify the seller's right to transfer ownership, and to discover any claims, defects and other rights or burdens on the title to the property.

Why is transferring the title to real estate different from transferring the title of other items, such as a car? Because land is permanent and can have many owners over the years. Various rights in land (such as mineral, air or utility rights) may have been acquired by others by the time you come into possession of it, even if the land has never before been built upon. So in order to transfer a clear title to a piece of land, it is first necessary to determine whether any rights are outstanding.

What kind of problems can a title search reveal? A title search can show a number of title defects and liens, as well as other encumbrances and restrictions. Among these are unpaid taxes, unsatisfied mortgages, judgments against the seller and restrictions limiting the use of the land. For more see my column on Title Land Mines.

Are there any problems that a title search cannot reveal? Yes. There are some "hidden hazards" that even the most diligent title search may never reveal. For instance, the previous owner could have incorrectly stated his or her marital status, resulting in a possible claim by a legal

spouse. Other "hidden hazards" include fraud and forgery, defective deeds, mental incompetence, confusion due to similar or identical names and clerical errors in the records. These defects can arise after you've purchased your home and can jeopardize your right to ownership.

How much could I lose if a claim is filed against my property? That depends on the claim. In an extreme case, you could lose your entire home and property, and still be liable to pay off the balance of your mortgage. Most claims aren't that dramatic, but even the smallest claim can cost you time, money and aggravation, and you may have to pay costs for a legal defense.

How does title insurance protect my investment if a claim should arise? If a claim is made against your property, title insurance will, in accordance with the terms of your policy, assure you of a legal defense, and pay all court costs and related fees. Also, if the claim proves valid, you will be reimbursed for your actual loss up to the face amount of the policy.

The owner of the property has a deed. Isn't that proof of ownership? Not necessarily. A deed is just a document by which the right of ownership in land is transferred, whatever that right may be. It's not proof of ownership, and it doesn't do away with rights others may have in the property. In addition, a deed won't show you liens or claims that may be outstanding against the title.

The owner of the property I want to purchase