

THE BASIC OWNER'S POLICY VS. THE ENHANCED OWNER'S POLICY

Often, we are asked what the difference is between the basic and the enhanced owner's title insurance policy. The **basic title insurance policy** is a good policy and has the standard protections including the following:

- False impersonation of the true owner of the property
- Forged deeds, releases or wills
- Undisclosed or missing heirs
- Instruments executed under invalid or expired power of attorney
- Mistakes in recording legal documents
- Misinterpretation of wills
- Deeds by minors
- Deeds by persons supposedly single, but in fact married
- Liens for unpaid

The Enhanced policy includes all of those coverages, PLUS it adds a long list of additional coverages, which can be found on the chart here: <https://www.villagesettlements.com/wp-content/uploads/2015/05/CommonwealthBASIC-vs-HOMEOWNER-title-policy-2015.pdf>

However, the most important benefit of the **enhanced policy is that it covers forgery or fraud that occurs after the date of the policy**. In today's world of fraud, that is very important. In other words, the basic policy does not cover you against forgery or fraud that happens after the date of the policy, while the enhanced policy does cover you. Here is a quick list of the additional coverages in the enhanced policy, some of which we have highlighted:

- **Pre and Post Policy Protections:** The Owner's Policy coverage protects homeowners against claims arising both before and after the policy date. The homeowner is covered if someone else has an interest in or claims to have rights affecting the title, or the title is defective. **Post-policy protection also includes coverage for forgery**, impersonation, easements, use limitations and structural encroachments built by neighbors (except for boundary walls or fences) after the policy date.
- **Expanded Access Coverage:** The Owner's Policy provides homeowners with expanded access protection for right of access to and from the property. Traditional title policies do not define

the type of access a homeowner has to the property, but the Owner's Policy specifically insures both actual pedestrian and vehicular access, based upon a legal right.

- **Restrictive Covenant Violations:** The Owner's Policy protects homeowners against the loss of title to property because of a violation of a restrictive covenant that occurred before the insured acquired title.
- **Building Permit Violations:** The Owner's Policy covers homeowners if they must remove or remedy an existing structure (except for boundary walls and fences) because it was built without a building permit from the proper government office. This coverage is subject to deductible amounts and maximum limits of liability.
- **Subdivision Law Violations:** The Owner's Policy protects homeowners if they can't sell the property or get a building permit because of a violation of an existing subdivision law. Homeowners are also protected if they are forced to correct or remove the violation. This coverage is subject to a policy deductible and maximum limits of liability.
- **Zoning Law Violations:** The Owner's Policy protects homeowners if they must remove or remedy existing zoning laws or regulations (subject to the policy deductible and maximum limit of liability). Homeowners are also protected if they can't use the land for a single-family residence due to the way the land is zoned.
- **Encroachment Protections:** Covers homeowners if forced to remove an existing structure because it encroaches on a neighbor's land (coverage for encroachments of boundary walls or fences is subject to policy deductible and maximum limit of liability). Covers homeowners when someone else has a legal right to, and does, refuse to perform a contract to purchase the homeowner's land, lease it or make a mortgage loan on it because a neighbor's existing structures encroach onto the land.
- **Water and Mineral Rights Damage:** The Owner's Policy provides coverage if a homeowner's existing improvements, including lawns, shrubbery and trees, are damaged because someone exercised a right to use the surface of the land for the extraction of minerals or water.
- **Supplemental Tax Lien:** The Owner's Policy protects homeowners if a supplemental tax lien is filed and assessed against the property because of new construction or a change of ownership prior to the policy date.
- **Map Inconsistencies:** The Owner's Policy provides coverage if the map attached to the homeowner's policy does not show the correct location of the land, according to public records.
- **Continuous Coverage:** The Owner's Policy covers homeowners forever, even if they no longer have the title. The policy insures anyone who inherits the title because of the homeowner's death and the spouse who receives the title after a dissolution of marriage. The Owner's Policy also allows homeowners to transfer title to their home into a trust after the policy date and receive uninterrupted coverage, at no extra cost.

Value-Added Protection: Traditional title policies don't increase their coverage as the value of a home increases. Not so with the Owner's Policy. The policy amount automatically increases by ten percent per year for five years, up to 150% over the original policy amount. This automatic increase in coverage is included at no extra cost.

Please feel free to contact any of our attorneys if you have any questions.