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California Real Estate Title Insurance Policies; brief comparison of ALTA and CLTA

Most California real estate sales involve title insurance. There are two standard forms used, and this article makes a brief comparison of the two for the consumer.

The two types of policies are CLTA (California Land Title Association) and ALTA (American Land Title Association).

CLTA policies insures only the title as shown by the public records, meaning that which is recorded with the local County Recorder's office, as well as fraud and forgery. It insures against all loss including attorney fees (up to the purchase price) for as long as the owner owns the property, and assures that title is being vested in the person shown on the policy.

ALTA has more coverage (and costs more) in that it covers matters that are not in the public record. It was developed in response to the needs of out-of-state lenders who do not have an opportunity to inspect the property. ALTA policies assume the risk of inspecting the property and, in some cases, conducting a survey. It includes such matters as unrecorded mechanic's liens, assessments, encroachments, easements, and boundary conflicts.

A major difference between the two is that the CLTA policy will list standard exceptions (Schedule B, Part I), while the ALTA does not have "standard" exceptions. However, the ALTA policy will list specific exceptions to coverage.