



## **As Foreclosure Factory Grinds to a Halt, Title Insurance is Critical**

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This week Old Title Republic Title Insurance Company announced that it would no longer insure foreclosed homes. This was in response to several large mortgage companies suspending foreclosures while irregularities in foreclosure filings are being investigated.

Now the US Attorney General and Ohio AG are getting involved and it looks like more state AGs will follow. Is this just political or is this a real legal problem that should concern purchaser's of foreclosed property? Should you be concerned if you purchased a foreclosed home? Yes, if you did not purchase an owner's title insurance policy, no if you did.

The foreclosure process and law differs from state to state but there are generally protections of "good faith purchasers." But a "cloud on title" is sometimes just as problematic as a real title problem. Rest assured that this controversy will create dark clouds on the title of any foreclosed home. Old Republic knows that even though it probably knows that most titles that they insured will eventually be proven good. It is the "cloud" that concerns them.

Lesson: always buy an owners title insurance policy. Then the "cloud" belongs to the title insurance company, not you. If you don't buy when you purchase, before a problem arises, unfortunately it is too late.

Title insurance companies look with jaundiced eye on any request for title insurance received after the property is already owned. With respect to foreclosed property, you should expect that it is now impossible to get an owner's title insurance policy after purchase, but at least try.

Otherwise, there is really not much you can do at this point. Hopefully your title will not be challenged when you sell or refinance. And you should have claims under the seller warranties in your deed.

For more information on DBL's title insurance services, visit Excel Title Services at [www.exceltitleservices.com](http://www.exceltitleservices.com).