

# TOP 5 COMMON TITLE ISSUES

Every property has a history – including new construction. Title is one of the most common headaches during a real estate transaction, as there are many possible scenarios that could disrupt your ownership and ability to enjoy the property. If you have ever wondered WHY you need title insurance, here are the top 5 reasons you should consider.

## EXISTING LIENS & JUDGMENTS

Unpaid liens are one of the most persistent and common title challenges in the sale and purchase of homes. From homeowner association fees to tax liens, any potential existing monetary responsibilities associated with a property need to be discovered with a thorough title search.



## BREAKS IN THE CHAIN OF TITLE

As a home's ownership changes through purchases, donations or inheritance, a "chain of title" is developed. When links in the chain break or go missing, it simply means there is a gap in the ownership record, which can cause problems during closing. For example, missing documents and errors in reporting are the most common reasons for a break in the chain. A simple error in one or two places can result in significant delays and an inability to determine true property ownership until further research is conducted.



## INCORRECT LEGAL DESCRIPTION & ENCROACHMENTS

The county recorder has a legal description of every property which includes set boundaries to identify and locate a specific property. A simple typo in the description or an encroachment on the property you are looking to buy can disrupt the home-buying process. An encroachment refers to a situation where someone builds or extends a structure onto a neighbor's land.



## MISSING HEIRS

After the death of a property owner, the property either typically passes to the heirs or the closest living relative. Even if proper legal processes to transfer ownership are followed, a missing heir could jeopardize property ownership by coming forward and contesting a will or even claiming ownership in that property. The new owners could be faced with a legal dispute as a result.

## FRAUD & FORGERIES

Forged or fabricated documents can be hard to detect within public records. Although notaries are trained to check an individual's identification, they are not held accountable for the validity of the identification. As a result, fraud in the chain of title could go undetected for a long time, but once found can cause a dispute over rightful ownership of the property.



**RADIAN**<sup>®</sup>

radian.biz