

Much has happened since those first landowners took possession of pieces of American soil. So today, when real estate is being transferred from one owner to another, we begin by

reviewing the title and the history of the property to ensure that the seller is legally in possession.

First, the escrow agent orders a preliminary title report which is the chronological history of the property and may include conveyance deeds, liens, judgments, divorces, marriages or litigation that affect the title.

Next, we research the history of the property (commonly called the "chain of title") to find every deed, mortgage or judgment that is secured by the property. It will be determined during this review whether the title or the rights of ownership that are recognized and

protected under the law is either fee simple (when the purchaser holds all rights to the property) or leasehold (when the purchaser holds limited rights for a fixed term).

We then prepare a preliminary report that shows any open issues, such as an unpaid mortgage or tax liens, which must be settled before the transaction is deemed complete. At the same time, the seller purchases title insurance, in the form of an "owner's policy," for the buyer as "peace of mind" in the event that any

claims are made against the previous owner or the previous owner's heirs. Claims against the title can result from fraudulent actions and errors such as listed in the center box.

- Impersonations
- Misrepresentations
- False power of attorney
- Deeds signed after death of a person
- Marital rights protection of undivorced spouses
- False records
- Defective legal descriptions
- Easements not disclosed in a survey

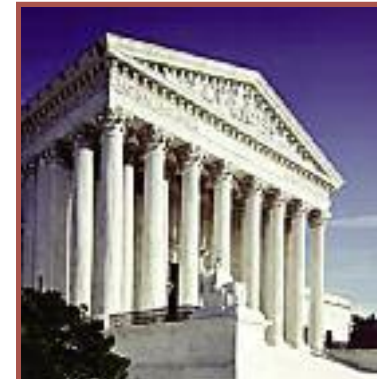
Questions & Answers

Q: When my wife and I bought our home in 1972 we obtained an owner's title insurance policy. We kept the policy in our "little drawer" in the desk, where we keep other valuables including our deed, wills, insurance policies, photos, etc. Has this title insurance policy expired? How long should we keep that policy?

A: Owner's title insurance policies are in effect as long as the property buyer or the heirs own the property. Your policy is still valid in case an insured title problem arises. Keep that policy as long as you own the property. It will even protect your heirs from title risks.

TiC Investments Growing

A TiC (Tenant-in-Common) investment is an increasing popular form of real estate investment. This is where the investor owns a fractional (partial) interest in a property. Recently TiC has been used in the co-ownership of apartment buildings with a guaranteed right to occupy one of the apartments. Each TiC investor holds an undivided "common" interest in the property, or in some cases a designated interest of different sizes. The concept is particularly attractive to investors who are engaged in 1031 tax exchanges of investment properties. Since 2002, those investors can satisfy their tax-deferred requirements with a TiC purchase as a replacement property, according to new IRS guidelines. Before that date, it was unclear whether a TiC purchase was really an investment in real estate (as required by Section 1031). Such an investment property purchase allows the investor to escape many of the responsibilities of totally owning a single property. TiC properties are usually commercial properties, packaged with management and financing already in place. However, some lenders now offer individual mortgages for each TiC owner, including the fractional ownership of apartment buildings. Title Insurance companies would issue a CLTA Loan Policy on this type of investment for the Lenders coverage. In some areas, particularly in California's Bay Area, the concept is competing with condo sales.



PROVIDING DEFENSE AND SECURITY

We, your title company, will do the following in the event that a flaw in title is discovered or your rights of ownership are challenged.

"CORRECT OR CLEAR"

1. We will defend your title in the courts, as insured, at our own expense.
2. Correct or clear the title when possible.
3. Promptly pay you for your loss in the event of an unsuccessful defense of your title.



For all these reasons and many more, a title insurance policy is a very inexpensive way to protect your ownership rights.