



REITITLE

KEYS TO THE TITLE INSURANCE FOR INVESTORS

The most important thing you need to understand is that investors always (or should always!) be buying and selling their properties in an entity (LLC or trust). However, this makes a difference in the kind of title policy you get!

The default policy at title companies is a “homeowners” title policy. This is an extended coverage insurance used in almost all retail transactions. It’s a bit more expensive as it covers more things. But, it **ONLY** covers human beings, not entities! Therefore, as an investor, you will not receive this policy and many title companies don’t tell you!

Buying in an entity means you get an “owners” title policy. This is a standard policy, but is less expensive. Below are some issues that are **NOT** covered by this policy. Many investors will purchase “endorsements” at a small extra fee that can cover some of these if they think it might affect their property.

- 1. Unrecorded Liens & Clouds:** These do crop up from time to time as documents can get recorded on the wrong property and then not show up on the title report. There can even be unrecorded lease options that affect your property.
- 2. Surveys and Boundary Lines:** This is almost always a case in older neighborhoods and fencing in the wrong. Usually not a big issue but can cause problems where you are forced to move your fence.
- 3. Unrecorded Easements:** These also show up on occasion, especially commercial properties.
- 4. Existing violations of law:** This could mean zoning, permitting or other laws that cause you to change/modify something or prevent using the property as you wish.

BUY & HOLD BUYERS: Most buyers of rental property void their title insurance right after closing! Ask us how we avoid this!