

Alternative Title Products



Title insurance policies protect buyers and lenders against a wide range of liens and claims arising from the actions of prior owners.

The purchase of a home is often a family's single greatest investment. **Alternative title products are currently being marketed as a cost cutting path to home ownership.** Trusted real estate professionals should be aware of the risks of such products.

Title insurance offers greater protections than alternative title products. Title insurance protections not provided by alternative title products include the validity and enforceability of the mortgage and off-record liens such as HOA assessments.

Alternative title products, such as Attorney Opinion Letters, are being marketed by third parties, not the parties responsible for fulfilling the promises. The actual products should be reviewed before relying on them.

Alternative title products are not available to owners. If a product is issued to a lender in a purchase transaction:

- **The buyer will receive no assistance** in defending claims for liens, taxes or encroachments made against the buyer
- The buyer's investment is **not protected**
- The buyer's increasing equity from mortgage principal payments is **not protected**
- The lender must complete a **foreclosure against the borrower** to file a claim on an alternative title product
- The lender may have incentives to seek a **deficiency judgment against the borrower** to demonstrate a loss to the insurer
- **The buyer will be responsible** to the lender for any matters not covered by the reduced coverages and if the insurer's reserves are inadequate

Learn More:
thefund.com