



A Brief Overview of the ALTA 2013 Homeowner's Policy and Why Your Residential Buyer Clients Benefit from Increased Title Insurance Protection
By Benjamin Ipock, Title Counsel

Closing attorneys have the privilege to sit at the closing table with individuals, couples and families and watch as they transform into homeowners with a few quick strokes of a pen. During this time, they will review and sign a variety of documents that define them as owner, borrower, buyer, purchaser, debtor, insured, grantee and homeowner. How might they be protected as a homeowner? The answer is simple, by requesting an **ALTA Homeowner's Title Policy (a/k/a "Enhanced Policy")**. The Homeowner's Policy provides the highest level of title insurance protection to your client in what is most likely their single biggest financial investment. Simply put, the Homeowner's Policy helps to provide peace of mind by taking more of the risk and uncertainty out of acquiring property.

The ALTA Homeowner's Policy is a title insurance product that builds upon and expands the ten (10) basic protections offered by the standard ALTA Owner's Policy by increasing the number of covered risks to thirty-two (32). See the comparison chart below highlighting the differences in coverages between the basic Owner's Policy and the Homeowner's Policy. A few of the advantages of the Homeowner's Policy over the basic Owner's Policy are:

1. **Increased Coverage:** One of the biggest and most valuable advantages of the Homeowner's Policy is the automatic increase in the policy coverage amount over the first five years to 150% of the original amount. In the current rapidly appreciating real estate market, this additional coverage is unparalleled in providing the maximum coverage available for your client's investment.
2. **Survey Coverage:** The Homeowner's Policy also offers survey coverage without the requirement of a buyer getting a costly new survey, if the property meets certain criteria. The coverage is applicable to many potential issues that would otherwise go uncovered, with or without a new survey, including: post-policy encroachments, prescriptive easement claims, zoning and setback violations, vehicular access, encroachment of improvements onto easements and encroachments of boundary walls and fences.
3. **Post-Policy Issues:** Expanded coverage is included for certain events or issues that do not occur until after the policy effective date.
4. **Building Permit Violations:** In the ever-increasing DIY culture we live in, building permit issues can pop-up both before and after closing. The Homeowner's Policy provides coverage in the event the homeowner must remove or remedy an existing structure (exclusive of fences or boundary walls) because of the structure being built without proper governmental building permits.
5. **Zoning Violations:** Coverage is provided in the event a governmental entity disallows the use of the property as a single-family residence.
6. Many additional coverages as defined in the Homeowner's Policy jacket.

We, at Attorneys Title, believe that the ALTA Homeowner's Policy is a good choice for title insurance coverage to protect your buyer and their investment. If you have any questions or would like more information on the ALTA Homeowner's Policy, please do not hesitate to reach out to your local Attorneys Title office, underwriter or title counsel.

FAQ's on the Homeowner's Policy:

- Who is eligible for a Homeowner's Policy?
 - The insured must be a natural person or the trustee of the insured's living trust who will be occupying the property as a primary residence.
- What properties are eligible for a Homeowner's Policy?
 - 1 to 4 Single family home, condo or townhome
 - Fully Improved (i.e. not for new construction to be completed or in process)
 - Platted subdivision lot of 25 acres or less or Condo unit (i.e. no metes & bounds descriptions)
 - Must be owner occupied as primary residence (i.e. no commercial, investment, vacant land)
- Is the Homeowner's Policy available on newly constructed homes?
 - Yes. The Homeowner's Policy is available on new construction that is fully improved and completed. Coverage is not available for homes that are "to be built or constructed" or that are still under construction.
- Is a survey required?
 - No. The Homeowner's Policy does not require a new survey.
- Does the Homeowner's Policy increase the actual dollar amount of coverage?
 - Yes. The Homeowner's Policy automatically increases the policy coverage amount by ten percent per year during the first five years, up to 150% of the original policy amount.
- As the certifying attorney, what do I need to do to request a Homeowner's Policy for my client?
 - Indicate on your preliminary title opinion that the Land is eligible for, and your client is requesting, Homeowner's Policy coverage.
 - Verify that all improvements on the Land are completed and that the Land will be owner occupied as a primary residence.
- How much does a Homeowner's Policy cost?
 - The Homeowner's Policy base premium costs roughly 20% more than a standard Owner's Policy.
- Is there a deductible?
 - Yes. Unlike the regular Owner's Policy, there is a deductible for certain specific coverages identified in Covered Risks 16, 18, 19 and 21.
- Will a Homeowner's Policy automatically be added on newly submitted orders?
 - No. It is solely the buyer's choice as to whether they want the enhanced coverage afforded by the Homeowner's Policy.