



Chris Griswold, P.C.

News From the Firm

July 2011

Message From Chris....

Title insurance. We all have to have it. Whether it's a residential deal or a commercial deal, vacation property or business property, our own deal or a client's deal, lenders require it and, with the growing complexities of society, we'd be foolish not to acquire it – even if we're paying cash.... Accordingly, we need to understand some basic things about title insurance – particularly with regard to the need for accurate legal descriptions.... Read below (and don't forget to click on my Facebook or YouTube links below to also see my short video on this material).

Title Insurance and Good Legal Descriptions

When people buy property, whether improved or unimproved, they sometimes rely on either their broker or the seller to provide and insert the property's legal description into the contract. This can be very dangerous. **Why?**

Title insurance companies will usually, **as a courtesy** (unless it receives a legal description from the parties), insert a legal description for such property into the buyer's commitment for title insurance policy (as sometimes, the description the title company receives isn't a legal description but, rather, a physical mailing address). Furthermore, this same legal description usually gets inserted into the buyer's final title insurance policy – all without anyone (most importantly, the buyer or anyone representing buyer) checking to see whether such legal description is correct. **Why?**

Generally, a buyer rests easy under the false impression that the legal description inserted by the title company is correct and, even if it's not, the buyer's title insurance policy will, somehow, insure buyer against any loss due to such legal description being incorrect. **This is not true.** Title companies will insure/defend against loss with regards to the legal description they insert (since the buyer did not controvert such legal description prior to closing). However, they do not insure that the legal description is correct or fully complete. **See the difference?**

For example, if you're buying an apartment complex, you (and the seller too) may be unaware that the apartment complex is actually comprised of three (3) different, separate parcels with separate legal descriptions. Accordingly, when the title company, as a courtesy, inserts one (1) legal description into the buyer's title commitment for the entire apartment complex (as opposed to all three (3) legal descriptions), in all probability, **the buyer's final title insurance policy will only cover loss on that one (1) parcel's legal description – not all three (3) of them....**

What should you do? If you can, get hold of the seller's title insurance policy (if there is one) and compare the legal description on it to the one set forth in the ALTA Survey you order (as I've seen inaccurate or merely partial legal descriptions on surveys before). If these two jive, compare such legal description to the one in the seller's deed. This “three-way check” should

ensure you have a full and complete legal description and prevent any unpleasant surprises down the road.

What My Clients Are Saying

“I would certainly like to commend Chris for his efforts in a recent transaction and for keeping communications with distant legal departments of large companies informed and involved as regarding the negotiations. Chris Griswold has been a real asset in bringing together people and has the ability to center the focus on the transaction and that is really needed in today’s commercial real estate market. Even though we may be experienced and seasoned veterans of commercial real estate, it’s good to have qualified, energetic, and capable legal support ready to move the process along at the faster rate we need today. My thanks to Chris for his efforts in this most recent transaction.”

Irmon Gray / Broker / NAI Sullivan Group / Oklahoma City, Oklahoma

Chris Griswold, P.C.

Contact Information:

315 W. Edmond Road

Edmond, OK 73003

405.229.7595 (cell)

405.340.4119 (office)

405.844.3380 (fax)

chris@chrisgriswoldpc.com

www.chrisgriswoldpc.com