

## Keeping Your Property Safe with Title Insurance

We have all heard horror stories relating to Spanish property purchases! The reasons are numerous, ranging from outright incompetence of the parties involved to politics and even fraud.

That being so, anything that can be done to protect your purchase is worth looking at and, in addition to ALWAYS using a mortgage (which pushes a lot of the risk onto the lender), the product to consider is 'Title Insurance'. This is a fairly new product in Spain, but it is already used to safeguard against risk associated with the purchase of property in the United States, Great Britain and the rest of Europe.

When you purchase property, there are many hidden risks or defects that even the most diligent professionals and/or established registration systems cannot protect against. These defects can affect your ownership and cause significant financial losses and worry before they can be rectified. Title insurance safeguards against loss or damage arising from many hidden risks which exist at the time of purchase. To be able to understand why it is important to have this cover, set out below is a list of just some scenarios for which coverage is included should they affect your property

- **Fraud and Forgery**

Current technology makes it easy to forge all types of documents such as National Identification Cards, Deeds and Powers of Attorney. A fraudster could use these documents to fake your identity and apply for a mortgage loan or sell your house to a third party for a derisory price and take off with the funds. There are stories in the press regularly about well organized groups of forgers and cases where the Spanish Supreme Court has ruled in favour of a third party purchasing property in good faith. You could lose your property.

- **Buying from a Fraudulent Owner**

You discover that the person from whom you bought your property was not the real owner and was acting with forged or revoked powers.

- **Unpaid Taxes, Quotas or Unsettled Community Expenses**

You discover you have been paying too much in community fees because at the time of purchase the property was assigned the wrong coefficient. Or for example, there is an attempt to make you pay an incorrect quota or unsettled community expenses and taxes for a period prior to your purchase.

- **Boundary Issues**

Even when some time has gone by, there are numerous cases in which it is discovered that part of a property does not belong to the person who has bought it. For example: a terrace turns out to be common property, which has been fraudulently added to the plot by the previous owners.

- **Third Party Rights: Easements**

During the 20 year policy term, a right of way or unregistered charge in favour of a third party is discovered that affects the property.

- **Hidden Legal Defects**

You may find a mistake or discrepancy in the title deeds that makes it impossible or difficult to sell your property, or that limits your rights of ownership or enjoyment.

- **Purchase from an Incapable Seller**

You discover that the person from whom you bought the property lacked the necessary legal capacity to sell.

- **Hidden Valid Lease**

You have bought a house that has, previous to your purchase, been leased to a third party. The lease is valid until it expires, regardless of who holds title to the property.

- **Impossible to Access**

If for any reason there are insufficient legal rights of access to and from your property or any part of it you will be covered. Similarly, the seller may not vacate the premises on completion.

- **Non-inscription in the Land Register**

The Land Registrar finds a defect in your title deeds and will not register you as the owner.

- **Bankruptcy of the Seller**

A judge rules that your property is subject to the previous owner's bankruptcy (preferential rights of the creditors).

- **Defective Size**

If the property is bought 'off plan' and following physical completion it is found to be more than 10% smaller than for what it was contracted.

- **Community Disputes**

Over the course of the 20 years, you may discover agreements passed by the Community of Property Owners prior to your ownership that could limit your rights over the property.

- **Marital Problems**

The person from whom you bought your property has sold it without spousal consent and that threatens your title to the property.

- **Demolition Order**

Imagine that after several years, a Demolition Order is placed on your house because it is shown that the building license by virtue of which it was built, is illegal because it infringed land classification (Urban Planning Scheme) at the time of purchase, or simply because your house was built without a license or in breach of the terms of the building license.

- **Compulsory Purchase**

You discover your house is subject to a compulsory purchase order or proceedings which predated your purchase.

- **Other Administrative Orders in Force**

You discover your house is subject to a ruin or eviction order from your date of purchase.

- **Legal Claims Against Your Property**

During the policy term, a third party makes a claim for part of your property through the courts.

- **Unknown Heirs**

Property owners or unknown heirs from the past appear to claim their property.

### **Peace of Mind**

Without the cover, you would have to remedy the situation yourself, costing you time and probably legal expenses. The cover provides peace of mind that should the unexpected occur, the insurer will be there to restore your title or indemnify you for losses if that cannot happen.

Your property will be covered for financial losses incurred up to the purchase price agreed in the title deed with a maximum limit of indemnity of 360,000 €. Should a claim be made, there are no deductions as the policy provides cover for costs, solicitor's fees and expenses in defending title relating to the covered risk.

### **Small Investment Safeguards Your Property**

You can minimize the risk on your most important investment. The indemnity provides complete property protection for a one-time, low fee rather than an annual premium.

A small price to pay for the peace of mind that it offers!

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