

WHY DO TITLE INSURANCE COMPANIES REQUEST INSPECTIONS?



Inspections are driven by the increase of title insurance coverage claims from matters that could be detected and avoided by an inspection. The ability to avoid potential claims benefits purchasers, their lenders, the involved real estate brokers and agents, and the title company, from suffering through a loss experience.

Below are some examples of what may be found during a typical inspection:

- It appears open/ongoing construction is taking place on the property...possibly a Mechanic's Lien issue.
- You do not have actual vehicular and pedestrian access to and from the land, based upon a legal right.
- You are forced to remove an existing structure(s) because they encroach onto your neighbor's land.
- Someone else has a legal right to, and does, refuse to perform a contract to purchase the land, lease it or make a mortgage loan on it because your neighbor's existing structures encroach onto the land.
- You are forced to remove your existing structures which encroach onto an easement or over a building set-back line.
- Your neighbor builds any structures after the policy date -- other than boundary walls or fences -- which encroach onto the land.
- The residence with the address shown in Schedule A is not located on the land at the policy date.

Experience has demonstrated that in the current economy there has been the phenomenon of families/friends who have moved in with each other in large numbers. Much of this activity has resulted in some of the following examples:

- Illegal garage conversions;
- Non-code electrical wiring;
- Construction of outbuildings, such as sheds and illegally built "granny flats", some of which also encroach on neighbor's land;
- Construction of gardens/irrigation systems which encroach on neighboring properties;
- Concrete pads for recreational and play uses which often encroach on neighboring properties;
- Paving over of front yards for the creation of parking lots which violate both zoning and building codes as well as CC&R's (Covenants, Conditions and Restrictions).
- The use of private easement driveways/streets as unofficial parking lots and playgrounds has increased.
- Each of these improper/illegal uses may result in litigation. Many of these uses can be discovered through an inspection done prior to insurance.