



Real Estate Bulletin

RIOPELLE GRIENER PROFESSIONAL CORPORATION

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Survey, title insurance: Why buyers should get both

Although title insurance has been marketed as an inexpensive replacement for a survey, it is important to understand title insurance is not a substitute for a survey. There are benefits to getting a survey that cannot be replaced by title insurance and *vice versa*. Lenders require one or the other to protect their interests in the property, but homeowners should consider getting both if they can afford it.

Here's why: A **survey** is prepared by an Ontario land surveyor using calculations taken on the ground compared with the registered title. It reveals the location of buildings on the land in relation to the lot lines, including encroachments onto or off of the property, if any. It also describes improvements such as fences, hedges, pools, overhead wires, easements and rights of way in favour of neighbouring owners or utility companies. The survey discloses whether the deed correctly describes the property, illustrates where the property is located, what the buyers will acquire and what they won't. As the saying goes, a picture says a thousand words!

Title insurance is an insurance policy that protects homeowners against challenges to the ownership of the home or from problems related to title of the home. The policy provides coverage against losses due to title defects, even if the defects existed prior to closing. A title defect is a problem with the title which prevents free and clear ownership. There are many types of de-

fects: rights of way, encroachments, unpaid municipal taxes.

Title insurance policies protect homeowners for as long as they own the property. It protects against a number of risks a solicitor's opinion on title may not cover. These risks include but are not limited to:

- Fraud and forgery, including someone taking title through fraud or forgery;
- Encroachments disclosed by a new survey (for example, a neighbour's deck being partly on your land);
- Zoning non-compliance (i.e. where the property use does not meet the local municipal by-laws).

What if homeowners are planning renovations, landscaping or a pool? Without an up-to-date survey, buyers may not be able to determine if they can carry out their plans. An up-to-date survey allows buyers to deal with problems on title prior to closing instead of relying on title insurance to correct them after closing, if applicable.

Title insurance carries many benefits including mortgage fraud protection, and cost is reasonable, given the amount of the investment. For these reasons, RG encourages its real estate clients to buy title insurance.

Although surveys are more expensive (if there is not a satisfactory existing survey available), purchasers should also consider ordering a survey to get a fuller understanding of their prospective property.

Best regards,
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