Title Chat

Volume 14, January 2003

a. Welcome to Sentinel Title(which does business in Maryland, Virginia and the District of Columbia); and
b. Why Title Insurance? --continued

We want to make sure that everyone knows that Sentinel Title has joined the North American Title Family of companies and soon will be issuing title insurance policies for North American Title Insurance Corporation. Glen Jackson is its president and Jim Cosgrove will be acting as counsel for North American Title Insurance Corporation.

Now this gives us an opportunity to draw on Maryland for information to be used in our Chats… so we will continue with our last topic . . . "Why Title Insurance?"

Last month, we learned that a huge percentage of title premiums are utilized to eliminate title risks through search and examination. But, as much as we may try, we cannot seem to eliminate title risks completely. Some are "hidden" or not disclosed by our title searches. Undisclosed heirs, forgeries and mis-indexing of documents fall into this category.

Take the Maryland case of *Frederick Ward Associates Inc. v. Venture Inc. 636 A. 2d 496 (1994).* Here a judgment was entered against a "Chris Walker" who held title to a tract of land in his real name of "John C. Walker." The tract was subdivided and five lots were sold. Title was examined by five different title examiners, who did not discover the judgment. The sixth title examiner happened to personally know that "Chris" was a nickname of John C. Walker and he raised the judgment as a title exception, which led to the judgment holder claiming a lien against the previously sold lots, and litigation resulted.

The lower court found that the lot purchasers were without actual knowledge of the judgment, were bona fide purchasers; and the judgment, even though it was in fact against the person who had held title, was not a lien against the title of the purchasers. The appellate court agreed--finding that the judgment was not indexed against the seller's proper, given name, but rather his nickname. It held that "where a judgment was indexed in a nickname or misnomer that is sufficiently dissimilar to the name in which the judgment debtor's property is titled, the judgment will not be enforceable as a lien against the property with respect to a subsequent bona fide purchaser for value without notice of the judgment. Notice will be found, however, where the facts and circumstances are such as would lead a reasonably careful title examiner to conclude either that the name of the judgment debtor and the name of the property owner designate the same person or that further inquiry is required to ascertain this fact."

Title insurance will protect the five purchasers and pay all of the costs incurred in defeating such a claim.

Next month we will look to see just how much of the claim expenditures go toward defending title as insured as compared to settling or honoring title claims.

Title Chat is published monthly by North American Title Insurance Corporation, a member of the North American Title Group of companies for distribution to North American Title Group's employees and customers. Topics will include closing issues, title and title insurance issues and title insurance business issues; and are intended to make the reader aware of the issues discussed. It should not be construed as giving a legal opinion on the issues being discussed; but rather as addressing situations encountered in its business and sometimes offering solutions based upon applicable case or statutory law that the reader may be unaware of. North American Title Insurance Corporation assumes no liability for any incorrect statements made herein

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