

*****DRAFT - NOT FOR FILING*****

3901-7-03 Title insurance agents notice to mortgagors.

(A) Purpose

The purpose of this rule is to set forth the requirements regarding the notice to be provided to mortgagors by title insurance agents concerning title insurance coverage under conditions specified in section 3953.30 of the Revised Code.

(B) Authority

This rule is promulgated pursuant to the authority vested in the superintendent under sections 3901.041 and 3953.30 of the Revised Code.

(C) Notice

A title insurance agent issuing a lender's title insurance policy in conjunction with a residential mortgage loan made simultaneously with the purchase of all or part of the real property securing the loan, where no owner's title insurance policy has been requested, shall provide the notice set forth in the appendix to this rule to the mortgagor at the time the commitment is prepared.

(D) Notice to be maintained

The title insurance agent required to provide the notice described in this rule shall maintain a copy of the notice, signed by the mortgagor, on file for at least ten years after the effective date of the lender's title insurance policy.

(E) Severability

If any paragraph, term or provision of this rule or the application thereof to any person or situation be adjudged invalid for any reason such invalidity shall not affect, impair or invalidate any other section, term or provision of this rule or the application thereof which can be given effect without the invalid provision or application and to this end the provisions of this rule are declared to be severable.

APPENDIX

NOTICE OF AVAILABILTY OF OWNER'S TITLE INSURANCE

Purchaser(s)/Borrower(s) Name(s): _____

Property Address: _____

Agency Name and File No. _____

Your residential mortgage lender has required the purchase of a Loan Title Insurance Policy ("Lender's Policy") in connection with your purchase of the property at the address listed above. The Lender's Policy will be issued insuring that your mortgage to that lender is the first and best lien against the property you are buying. This policy, however, does not protect your ownership interests in the property.

To protect yourself from errors in the title examination and from "hidden defects" in your title to your residence, you must purchase an Owner's Policy of Title Insurance ("Owner's Policy"). An Owner's Policy, for example, will protect you if the title examiner misses a previously recorded mortgage on your property during the records search and later the lender who owns that mortgage attempts to enforce it against you. The Owner's Policy also protects you against hidden defects in your title to your property including, but not limited to, fraud, missing heirs to a probate that have an interest in your property, incorrect legal descriptions, unreported easements, incompetent prior owners, Medicaid liens, and other matters that could affect your ownership. If you have purchased an Owner's Policy and have a covered claim, the title insurance company will pay the legal fees, whether or not the covered claim is valid, and, if the claim is valid, the title insurance company will pay the amount, up to policy limits, to clear up the problem. If you do not have an Owner's Policy, you may be held responsible for the value of the hidden defects and will have to pay your own legal fees, even if the claim against your property turns out to be without merit. This is not a complete description of an owner's title insurance policy and you should read the policy itself to see the terms, conditions, exceptions and exclusions of the policy.

The premium for an Owner's Policy for the property purchase price of \$_____ is \$_____. A Homeowner's Policy of Title Insurance (Homeowner's Policy), which provides enhanced or additional coverage over the Owner's Policy is available for a higher premium. Your lender already requires a Lender's Policy which has a premium of \$_____.

If you purchase an Owner's or Homeowner's policy, the cost of the Lender's Policy goes down to \$100.00 so the actual additional cost to you for the Owner's or Homeowner's policy is reduced by the difference between the cost of the base Lender's Policy you would have paid and \$100.00.

Please contact your title agent at _____ if you have any questions about title insurance or would like to purchase an Owner's or Homeowner's policy.

The use of this form is required by section 3953.30(B) of the Ohio Revised Code and is regulated by the Ohio Department of Insurance.

I (We), the undersigned purchaser(s)/borrower(s) acknowledge that I (We) have received a copy of this two-page form, Notice of Availability of Owner's Policy of Title Insurance.

Signed: _____

Printed Name: _____

Date: _____

Signed: _____

Printed Name: _____

Date: _____