

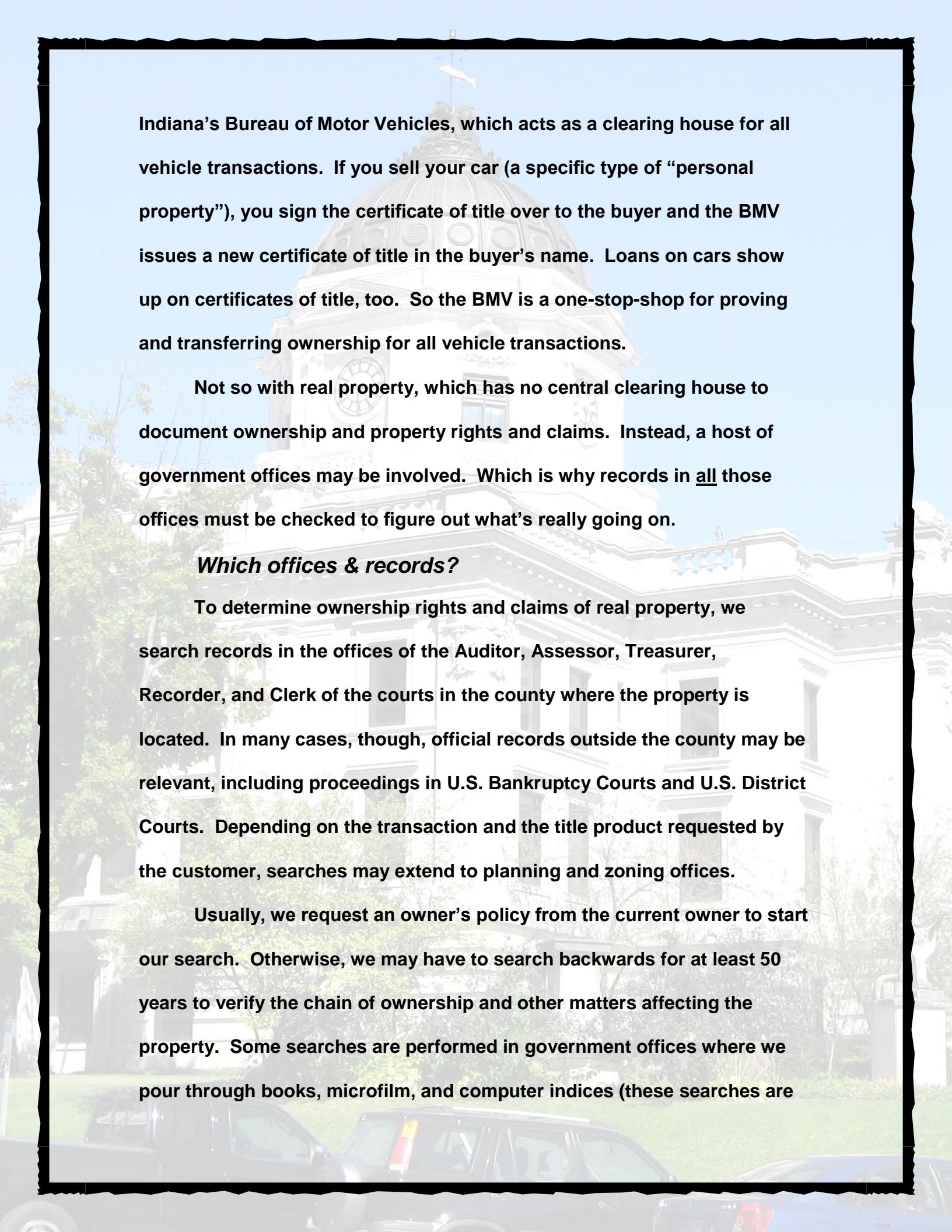
Exactly what IS a title search?

A title search amounts to combing through the public records for documents affecting ownership of and obligations pertaining to a tract of real estate. The search is performed by the title insurance agent, who then issues a title insurance commitment or other type of report, depending on the instructions of the customer. If a title insurance commitment is issued and the transaction closes, a title insurance policy is issued after the closing.

Title searches are the core work of any title company. Why? Because each state has its own system of keeping track of records of property ownership so there can be an orderly way of knowing who owns what, who has rights to do certain things on specific property, and who can claim an interest in property – for example, based on using the property as collateral for a loan.

“Real property” vs. “Personal property”

The idea is that if property records are kept in a central office, it ought to be easier to figure things out. And it is...in a way. But while in Indiana the county Recorder's office is the place where most property records are kept, other government offices are involved too, including county, municipality, state, and federal. So-called “real property” records aren't set up like



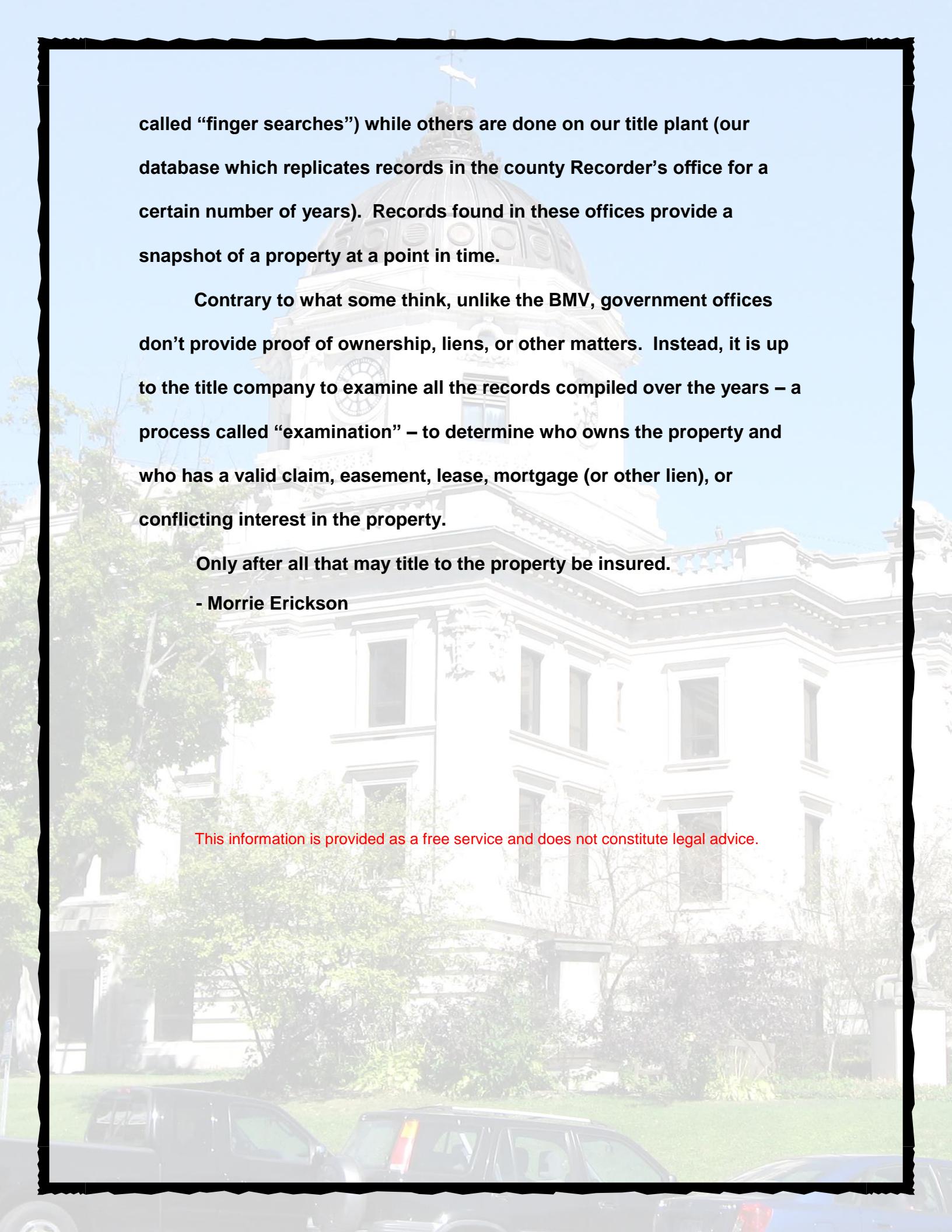
Indiana's Bureau of Motor Vehicles, which acts as a clearing house for all vehicle transactions. If you sell your car (a specific type of "personal property"), you sign the certificate of title over to the buyer and the BMV issues a new certificate of title in the buyer's name. Loans on cars show up on certificates of title, too. So the BMV is a one-stop-shop for proving and transferring ownership for all vehicle transactions.

Not so with real property, which has no central clearing house to document ownership and property rights and claims. Instead, a host of government offices may be involved. Which is why records in all those offices must be checked to figure out what's really going on.

Which offices & records?

To determine ownership rights and claims of real property, we search records in the offices of the Auditor, Assessor, Treasurer, Recorder, and Clerk of the courts in the county where the property is located. In many cases, though, official records outside the county may be relevant, including proceedings in U.S. Bankruptcy Courts and U.S. District Courts. Depending on the transaction and the title product requested by the customer, searches may extend to planning and zoning offices.

Usually, we request an owner's policy from the current owner to start our search. Otherwise, we may have to search backwards for at least 50 years to verify the chain of ownership and other matters affecting the property. Some searches are performed in government offices where we pour through books, microfilm, and computer indices (these searches are



called “finger searches”) while others are done on our title plant (our database which replicates records in the county Recorder’s office for a certain number of years). Records found in these offices provide a snapshot of a property at a point in time.

Contrary to what some think, unlike the BMV, government offices don’t provide proof of ownership, liens, or other matters. Instead, it is up to the title company to examine all the records compiled over the years – a process called “examination” – to determine who owns the property and who has a valid claim, easement, lease, mortgage (or other lien), or conflicting interest in the property.

Only after all that may title to the property be insured.

- Morrie Erickson

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