

Ontarians Eager to Buy Homes but Lack Understanding of Legal Risks *Only 10% Understand Real Estate Lawyer's Role*

TORONTO - June 13, 2006 – Many Ontarians have jumped into the busy real estate market without fully appreciating the legal dimensions of home buying or the critical role that a real estate lawyer plays in protecting them. According to new research generated for TitlePLUS insurance, a leading provider of title insurance to homeowners, only 10 per cent of recent home buyers saw their lawyer's role as an advisor on matters like mortgage and title issues.

Over the next few weeks, spring home buyers will be closing their purchase deals and they may be risking costs and complications, according to TitlePLUS experts. These problems can range from annoying to devastating and include disputes over the vendor's legal right to sell, hidden building code violations, outstanding liens, and outright fraud. A real estate lawyer can protect a homebuyer with thorough record searches and inquiries and by arranging for title insurance. But many homebuyers don't fully appreciate the lawyer's function.

"Homebuyers put a great deal of time and energy into finding their dream home. Real estate lawyers put the same careful attention into investigating the legal issues related to the property and closing the sale," says Kathleen Waters, an experienced real estate lawyer and Vice President, TitlePLUS. "That's where your real estate lawyer becomes an invaluable resource: he or she navigates you through the major legal implications of home purchase, and can help prevent a dream home from turning into a nightmare."

According to recent TitlePLUS-generated research, 98 per cent of recent Ontario home buyers worked with a real estate lawyer, but most saw the lawyer's role as strictly transactional. Only 10 per cent saw their lawyer as an advisor answering questions and addressing their concerns on important matters like mortgage and title issues. Just half (51 per cent) recalled purchasing title insurance even though it is now a standard part of most home purchases. Only 1 per cent appreciated that a real estate lawyer can help a new home owner save money at the time of closing and in the future.

"Your home is usually your largest financial investment and, as a result, presents the greatest potential financial risk," Waters explains. "A real estate lawyer will manage the necessary paperwork of purchase and sale, but more importantly, will protect your interests by anticipating potential hazards. The greatest risks often cluster around issues other than title."

A diligent real estate lawyer can help protect your interests in a number of ways:

- Confirm that the seller in the agreement of purchase and sale has the legal right to sell the property. Is the property part of an estate dispute? Does someone hold joint title with the seller and has he or she agreed to the sale? Is the seller's ownership properly registered?
- Investigate with various levels of government to determine if the property has any known problems such as building code violations before a homebuyer takes possession.
- Advise on title insurance which protects the purchaser's interests if there is title problem. The policy provides compensation for losses suffered from title issues even if they are not discovered until years after the sale is complete. Title insurance is a one-time purchase made at the time of home purchase and for a \$500,000 home costs only about \$200. This is a one-time premium for as long as you or your heirs own the home: There are no deductibles and no additional annual



premiums. Yet, 48 per cent of recent home buyers say they did not or can't recall buying title insurance.

- Explain the options regarding owning property with a partner or spouse.
- Save closing costs. If the homebuyer obtains title insurance, a real estate lawyer can often reduce the number of searches and investigations, thus saving the consumers out-of-pocket costs on their overall legal bill.

“In the very active Ontario real estate market of the last few years, there has been a lot of buying and selling, a lot of trading up, and a lot of renovations,” comments Waters. “The home you buy today may have had many owners in the last few years, which means less chance of tracing a problem back to a specific past owner. Working with a reputable lawyer will help you through the process and TitlePLUS title insurance provides a security blanket for the homeowner once the deal is closed.”

Identity Theft: A New Source of Title Problems

Identity theft has become a new source of title problems. A criminal acquires a homeowner's personal information and takes a mortgage out on the property in the homeowner's name. The criminal absconds with the money and the homeowner is left with a mortgage improperly registered against the property, along with the job of convincing the lender that he or she is not really the borrower who received the money.

“Unfortunately, identity theft is on the rise in Canada, as in other countries,” said Waters. “In the real estate context, it can be time-consuming and complicated to untangle and in the meantime, the lender may think you should be on the hook for the extra mortgage payments. In scenarios like these, having title insurance gives you financial resources to help sort out the mess.”

A Free Guide

TitlePLUS has created a free *Real Simple Real Estate Guide* to educate home buyers on the role of a real estate lawyer and the key issues around title. The *Guide* also includes financial calculators, a glossary of terms, and a locate-a-lawyer tool. The *Guide* is available at www.titleplus.ca.

About TitlePLUS Insurance

TitlePLUS title insurance is provided by the Lawyers' Professional Indemnity Company (LAWPRO®), an insurance company incorporated in 1990 by the Law Society of Upper Canada and licensed to provide professional liability insurance and title insurance in numerous jurisdictions across Canada. LAWPRO has earned an A (Excellent) financial strength rating by A.M. Best Co., a leading rating agency, for the last six consecutive years.

TitlePLUS title insurance is the only all-Canadian title insurance product on the market today. It offers home buyers insurance coverage for both title-related aspects of a transaction and the legal services provided by a lawyer. It also protects buyers and lenders under the same policy (and for the same premium) for title-related problems that could affect ownership or the marketability of the property in the future, and legal services provided by the lawyer closing the purchase.¹ The TitlePLUS OwnerEXPRESS® program offers current home owners protection against title-related risks and fraud.

¹ As with any insurance purchase, consumers should refer to the policy for full details, including actual terms and conditions. OwnerEXPRESS® policies do not include legal service coverage.

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About the survey

The research of 1,277 Ontarians 18 years of age and older and who bought a home in the last five years was carried out between May 23 and May 31, 2006 by Decima Research on behalf of LAWPRO. Results are considered accurate to within plus or minus 2.7 per cent, 19 times out of 20.

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