

# Cantwell & Goldman, P.A.

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## Central Florida Law Reporter

### Title Insurance: Protecting Your Most Important Investment

For most Americans, their home is their single-largest investment. When a buyer purchases a home, the lender will require several different types of insurance to protect the real property, structure, fixtures, and personal property.



If the home is in a low lying area, the lender may also require flood insurance. In addition to homeowner's insurance, title insurance is also required. However, most buyers are more familiar with the more traditional lines of homeowner's insurance than they are with title insurance. Title insurance protects the property interests of both you and the lender.

When you purchase a home, you are purchasing more than just the real property (land), structure, and other improvements that make up the home. The purchase of a home includes rights that are implicit with owning the home and surrounding real property, such as the right to quiet enjoyment (use), possess, sell, lease, mortgage, and possibly subdivide the property. These rights are conveyed to the purchaser when the purchaser takes the title to the property. Title insurance insures against defects with the title.

There are two different types of title insurance: 1. Lender's Insurance, and 2. Owner's Insurance. The lender's insurance policy protects the lender that is financing the home. Lenders need to protect themselves from any unknown prior liens, as the home serves as collateral for the loan. Owner's insurance protects the buyer against any reduction in value of their home due to a defect in title.

A title examiner reviews public record for issues or mistakes with past conveyances, pending legal action against current owners, outstanding liens and mortgages, and easements that impact the property. A survey is typically reviewed as part of the title search.



Unlike most insurance, the premium for title insurance is a onetime charge that insures the owner or lender so long as they have an interest in the subject real property.

Your home is an important and special investment. Before closing, ask your real estate attorney about your title insurance protections and any exceptions to the policy.

## Legal News: BP Horizon Disaster Decision

More than four years after the BP Horizon disaster, a court ruled that BP was grossly negligent in the rig explosion. BP announced it will appeal the ruling. Therefore, any compensation as a result of the ruling is still several years away. BP already took a \$43 billion dollar write down. If the appeal fails BP could pay \$17.6 billion dollars in civil fines as a result of its “gross negligence”.



The presiding judge wrote in his opinion that “BP’s decision was primarily driven by a desire to save time and money, rather than ensuring that the well was secure...,” going on to state that, “[t]he court agrees that the decision was dangerous and further finds that it was motivated by profit.”

Several legal pundits speculated that the outcome would hinge on the interpretation of “gross negligence”. The Clean Water Act’s \$1,100 per barrel fine for negligence is increased to as much as \$4,300 if a company is found grossly negligent. Other contentious topics during the trial included the apportionment of fault in the events leading up to the blow out. The judge apportioned 67 percent of the fault to BP, 30 percent to Transocean (owner of the drilling rig) and 3 percent to Halliburton (which provided the cement).

## Consumer Watch: The Latest Fraud

On August 28, 2014 the Internal Revenue Service issued an alert for a recent fraud where scammers call, impersonating the IRS. In the IRS update, they noted five scammer behaviors that an IRS employee will never do:

1. Call about taxes owed without first mailing you an official notice.
2. Demand that you pay taxes without giving you the opportunity to question or appeal the amount they say you owe.
3. Require you to use a specific payment method for your taxes, such as a prepaid debit card.
4. Ask for credit or debit card numbers over the phone.
5. Threaten to bring in local police or other law-enforcement groups to have you arrested for not paying.

Never rely on caller ID, as scam artists know how to manipulate what information is displayed. If you have been targeted by this scam, then report the incident to the Treasury Inspector General for Tax Administration (TIGTA) at 1.800.366.4484 or at [www.tigta.gov](http://www.tigta.gov). Also, contact the Federal Trade Commission and use their “FTC Complaint Assistant” at [FTC.gov](http://FTC.gov). Please add “IRS Telephone Scam” to the comments of your complaint.

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