

Do Greater Vancouver Property Owners Need Title Insurance?

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Property title problems have been making the news more frequently. Mortgage fraud seems to top the list, with examples like that of Susan Lawrence, an Ontario resident who put her home on the market and months later discovered a thief had forged signatures, fraudulently taken out a \$300,000 mortgage on her property, and then disappeared.

Title insurance has been offered as one solution. But is it? Do property owners need title insurance in Greater Vancouver?

For a bit of a history lesson, title insurance is popular in the United States. This is because the US land title system is based on the English deed conveyancing system.

In the US, a home buyer receives deeds from the seller, sometimes going back decades and occasionally even centuries. While not common, title defects in the US do occur, particularly when long forgotten legal owners come out of the woodwork and legitimately claim their property.

To protect against these defects, the title insurance industry developed.

But here in BC, we have a different type of land registry system than that used in the US and Ontario.

"In BC we have what is known as a modified Torrens system, run by the Land Title and Survey Authority which is responsible for managing, operating and maintaining BC's land title and land survey systems," explains Godfrey Archbold, CEO of the Authority.

Here's how it works.

When a property is registered in BC, documents are presented including conveyance documents.

The professional who performs the conveyance, either a notary public or a lawyer, has a professional obligation to perform due diligence to ensure that the identification presented and the property description is accurate.

"The Land Title Office confirms ownership every time a property is sold or mortgaged or when other interests are created including leases and statutory rights of way," says Archbold.

The registration of title provides legal certainty of ownership and guarantees the certainty and the security of title.

"Fraud is exceptionally rare," notes Archbold who says that in the past 17 years, of a total of 13.5 million transactions in BC, only two have had problems with title fraud.

In these rare cases where a property is the victim of fraud, there is an assurance fund to provide financial compensation to the victim.

"There's no question that property owners need to be careful with their property records and their personal identification given the increase in identity theft," cautions Archbold.

"But British Columbians can buy and sell property with confidence that they're not at risk."

The Real Estate Board's position is that consumers can decide for themselves whether there are benefits to having title insurance.