

AOL VS TITLE INSURANCE

In this highly competitive market, some real estate service providers are exploring the use of Attorney Opinion Letters (AOLs) as an alternative to title insurance.

What's the difference between these products?

What is an **Attorney Opinion Letter (AOL)**?

In a real estate transaction, an Attorney Opinion Letter (AOL) is a statement from an attorney who has reviewed the property records of a specific property, including liens, ownership, and any defects. The letter advises on whether the title is clear and marketable. An AOL is an assessment of risk and a statement of legal advice—it isn't insurance coverage.

What is **Title Insurance**?

Title insurance, like any insurance (auto, fire, home), is a premium paid for future coverage of a potential loss. For owner's title insurance, you are covered against challenges to your rightful ownership of your property. Owner's title insurance is a one-time premium that protects you for the entire time you own your property—and in many cases will also cover your heirs who inherit your property.

What does title insurance cover that an AOL does not?

- Fraud and/or forgery in the chain of title.
- Documents not properly executed or recorded by public officials.
- Unrecorded liens, such as an unrecorded mortgage or undisclosed tax lien.
- Recent mechanic's liens rights and the insured's priority over them.
- Possession, access, or survey disputes not in the public record.
- Potential liens from unpaid Homeowners Association (HOA) dues and/or assessments, and potential restrictive covenants from an HOA.
- Undisclosed issues from probate or disputes of heirs.
- Endorsement coverage for special circumstances.
- For lender's title insurance, the lender is covered for the entire life of the loan—unlike in an AOL, where limited recourse is only available if the lender forecloses or writes off the loan.

At TitleSmart, Inc., we pride ourselves in offering the Enhanced Homeowner's Title Insurance Policy from all of our underwriters. For only about 10% more in premiums, this product offers much wider coverage than a standard policy. We know buying a home is often the largest purchase you make in your lifetime. Title Insurance gives you peace of mind that your purchase is fully protected.