



Title Insurance for Home Buyers

When buying a property there are many inherent risks which may cause you loss or affect your ownership. Title insurance is a specialised type of insurance that provides home buyers with protection against certain unknown and hidden risks which may exist at the time of purchase.

Cover is Provided for a Broad Range of Risks*

Illegal Building Work

Enforcement action by a Local Authority in relation to illegal structures which have been built without the required Council permits or which do not comply with those permits of which you are unaware at the time of purchasing the property. For rural properties this cover only applies to the primary residence including sheds, carports and garages used for residential purposes, and any swimming pool, and not to other structures on the property.

Survey/Boundary Defects

Any adverse matters that would have been revealed in an up-to-date survey report.

Registration Gap

Someone else lodges a dealing which prevents your interest from being registered or recorded.

Fraud, Forgery & Identity Theft

Loss due to fraud, forgery or identity theft which results in you being deprived of your ownership of the land.

Planning & Title Defects

Loss due to non-compliance with existing planning and zoning laws, unregistered easements and covenants, access orders, access rights or a right of way, lack of legal access or defects in title to the land of which you are unaware at the time of purchasing the property.

Outstanding Rates & Taxes

Outstanding rates and taxes on the property which you are now liable for as the current owner of the property.

A Different Kind of Insurance

- One-time premium provides protection forever (premium schedules are available on www.stewartau.com)
- No excess payable on claims
- No-fault claims process means you don't have to prove fault or negligence - you need only prove that you have suffered actual loss based on cover that the policy provides
- 200% 'inflation' allowance for increases in the value of the property over time

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Known Risk Coverage

If you discover a defect or risk during the conveyancing transaction, please contact us as we may be able to provide cover over a known defect or risk for no additional premium.

Real-Life Claims

Here are just a few real-life stories where title insurance provided protection to home buyers.

Illegal Building Work – Extension

Our insured purchased a home in Sydney. During the purchase, our insured elected not to obtain a Building Certificate. After settlement, our insured approached the local Council with plans to construct a new pergola. Council informed our insured that an extension that already existed on the house was not approved. After further investigation, Council issued a Demolition Order for this extension because it was built without development consent in circumstances where development consent was required, and without adequate structural foundations. A previous owner had built the extension on a thin layer of 'pebblecrete'. A pre-purchase building inspection report had failed to uncover any defects.

The Resolution – Stewart Title indemnified the insured in relation to complying with the Council Order and paid more than \$110,000 to demolish the extension and reconstruct it in accordance with building code standards.

Outstanding Rates – Error by Council

Following settlement, the insured received notification from Council that there were outstanding water/sewerage rates in relation to the insured property. An error had been made by the Council with respect to the amount of rates payable as at the date of settlement.

The Resolution – Stewart Title paid the outstanding rates plus interest that had accrued thereon.

Planning & Title Defect - Unsatisfied Condition of a Development Consent

After settlement, our insured discovered that a condition of a development consent relating to the property had never been complied with by the previous owner (the developer) to the satisfaction of the electricity authority. Our insured was required to comply with the outstanding condition and install underground electricity mains to the insured property.

The Resolution – Stewart Title compensated the insured for the costs of the installation of the underground electricity mains.

Solicitor's or Conveyancer's Advice Combined With Title Insurance

Title insurance does not replace the role of a conveyancer or solicitor. The combination of title insurance with your conveyancer's or solicitor's professional advice will provide the most comprehensive protection against risks which may affect your legal ownership of your home.

If you already own your home, you can obtain the protection that title insurance provides by applying for a Residential Existing Owner Policy.

Contact us for more information.

Stewart Title Limited
GPO Box 527
Sydney NSW 2001
1800 300 440

www.stewartau.com

*Please note that coverage under the policy for unapproved building work is capped at \$160,000 and coverage for boundary and survey risks will not apply to land where the land area size exceeds 50 acres.

This material is intended to provide information of a general nature. Please refer to the policy for full details, including the specific terms and conditions. Sample policies are available on our website or upon request. Premiums are subject to change without notice.

Stewart Title Limited ARBN 101 720 101 (United Kingdom).

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CLAIMS STORIES FROM OUR FILES

UNAPPROVED ADDITIONS

Stewart Title has a long history of issuing title insurance policies and our financial strength and claims paying ability make us an industry leader. Claims are resolved in a timely manner through a professional, practical and result-oriented approach.

Below is a real life claims scenario handled by our Claims Team:

The Scenario:

- ▷ Insured purchased a 40 year old house
- ▷ A number of additions had made over the years, including a spa room
- ▷ A few years after settlement, the insured decided to rent the property and engaged a property agent who advised that the spa required a safety barrier
- ▷ Insured disputed this requirement and approached Council who identified spa room was unapproved and required a safety barrier

Claim Resolution:

- ▷ Stewart Title engaged planning and building consultants to provide advice and options
- ▷ The spa room was non-compliant, not structurally sound and required demolition
- ▷ Insured was covered for demolition and 'make good' costs and loss in market value
- ▷ Claim cost over \$50,000
- ▷ Premium paid \$363
- ▷ No excess



TITLE INSURANCE KEY FEATURES

- | |
|---|
| ✓ One-time premium payable on settlement |
| ✓ No excess payable on claims |
| ✓ No fault claims process |
| ✓ Covered for life of ownership of the property |

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CLAIMS STORIES FROM OUR FILES

NON-COMPLIANCE WITH BUILDING PERMIT

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Below is a real life claims scenario handled by our Claims Team:

The Scenario:

- ▷ Insured purchased a waterfront house for \$1,650,000
- ▷ Following settlement, substantial storms affected locality, resulting in water penetration to windows/sliding doors
- ▷ Investigations revealed all windows/sliding doors installed were not the correct specification for locality
- ▷ Council required all windows/sliding doors to be replaced in order to bring dwelling into compliance with building permit

Claim Resolution:

- ▷ Stewart Title arranged for removal and replacement of 12 sliding doors and windows
- ▷ Total cost of window replacement \$96,524.25
- ▷ Ensured no further breach and no further action from Council
- ▷ Premium Paid \$1058.75
- ▷ No Excess



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TITLE INSURANCE KEY FEATURES

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CLAIMS STORIES FROM OUR FILES

ENCROACHING STRUCTURE ONTO COUNCIL LAND

Stewart Title has a long history of issuing title insurance policies and our financial strength and claims paying ability make us an industry leader. Claims are resolved in a timely manner through a professional, practical and result-oriented approach.

Below is a real life claims scenario handled by our Claims Team:

The Scenario:

- ▷ Insured purchased their property and following settlement, a complaint was made in relation to their 'water feature'
- ▷ Survey of the property revealed that the water feature encroached on Council land by 4.4 meters
- ▷ Water feature had to be demolished and reinstated within the insured's property

Claim Resolution:

- ▷ Stewart Title engaged building consultants, a structural engineer and a builder to demolish the water feature
- ▷ Demolition involved the construction of substantial retaining walls to protect neighbouring properties
- ▷ Stewart Title paid for council fees, building costs, planning costs and expert reports
- ▷ Total claim cost approximately \$200,000
- ▷ Premium paid \$1,199
- ▷ No excess



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- ✓ One-time premium payable on settlement
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5 Reasons to Use Title Insurance

Title Insurance can be used as a risk management tool in the conveyancing transaction.

Below are real claims covered by Stewart Title. These claims demonstrate the value of title insurance policies in providing protection to home buyers and existing home owners against certain unknown and hidden risks inherent in property transactions.

With no excess payable on claims, the insured is compensated for the full value of their loss on a no-fault basis.*

1. Illegal Conversion

Our insureds purchased a large piece of land, which included a house. Following settlement they approached the local shire to obtain a copy of the house plans to build an extension. The shire informed them there were no such plans and that the house was converted from a barn without a building licence. The shire notified our insureds that the barn was an illegal dwelling and legal action might be taken against them if they continued to use it as such.

The Resolution

Stewart Title compensated the insureds for the full value of the house, and valued as though it were approved. The value of the house was determined by an independent valuation also paid for by Stewart Title.

2. Adverse Affectation

Several weeks after settlement of purchase, our insured received a rates notice from Council which included a special charge for road upgrading which had been levied against the insured property.

Whilst the special charge had been disclosed in the Council information certificate attached to the Contract for Sale, the conveyancer due to an oversight, had failed to inform the insured of the special charges scheme prior to settlement. As the new owner of the property, the insured was liable to pay the special charge in the sum of \$14,500.

The Resolution

Stewart Title paid the outstanding special charge to the Council in full releasing the insured from any liability to pay the charge.

Although the claim was a result of an error, Stewart Title waived its rights of subrogation under the policy against the conveyancer and did not take subsequent action to recover the outstanding special charge from the conveyancer.

3. Unapproved Carport

Following settlement of the purchase of a home, our insured received a Building Notice from Council in relation to a large carport which had been erected on the property by the previous owners without a building permit.

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Council required a certificate to be issued by a registered building surveyor confirming that the carport complied with the relevant provisions of the Building Act 1993 and Building Regulations 2006. A registered building surveyor carried out an inspection and required the insured to obtain:

- a Structural Engineer's Report;
- Draftman's plans for the carport;
- Geotechnical Report;
- Soil Report; and
- Plumbing works to be carried out to connect the downpipes on the carport to the existing storm water system.

The Resolution

Stewart Title indemnified the insured and paid for the various reports to be provided to the building surveyor and paid for the plumbing works to be carried out. Stewart Title handled all correspondence with Council and the building surveyor and arranged final inspections and a final certificate of compliance to be provided to Council. Council cancelled the Building Notice.

4. Breach of Building Licence

Our insureds purchased their home and at the front of the property stood an attractive front entrance gate supported by brick piers. Nothing appeared untoward with the gate and piers at the time of purchase. The orders and requisitions from the local shire confirmed there was a building licence and the insureds' structural engineer's report did not reveal any defects in the construction.

Several years later, the neighbour complained to the Council that one of the brick piers encroached onto his property. The shire inspected the property and confirmed that the pier did indeed encroach over the boundary with the neighbour and onto the street in breach of the conditions of the building licence. The shire ordered our insureds to relocate the pier within the property boundaries and then provide a survey report confirming this had been done.

The Resolution

Stewart Title paid for the cost of demolishing and rebuilding the pier and re-hanging the gate within the property boundaries as well as the cost of the surveyor's report.

5. Outstanding Work Order

Our insured purchased a property that was serviced by a septic system. Unknown to our insured, there was an outstanding work order against the property issued by the Water Corporation for the connection of the property to the public sewer and the decommissioning of the septic system. As the new owner of the property, our insured was required to comply with that work order, which involved digging up the driveway.

The Resolution

Stewart Title indemnified the insured for the costs of connecting to the sewer and decommissioning the septic system.

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