

PRIMER ON OWNERSHIP AND ENCUMBRANCE REPORTS (a/k/a O&Es)

DEFINITION

The Colorado Division of Insurance, via Regulation 3-5-1 which governs the title insurance industry in Colorado, states that an "Ownership and Encumbrance Report ("O&E") means information identifying the last recorded owner, legal description and recorded deeds of trust or mortgages of a particular real property address available from public records." See, Section 4, Definitions, Reg 3-5-1.

NO LONGER PROVIDED AT NO COST

Effective May 1, 2010 "Free property reports --- title insurance companies and agencies are no longer permitted to issue property reports (known as ownership and encumbrance reports, or O&Es) without charge. Also included in this prohibition is the issuance of preliminary title commitments (known as TBD commitments) without charge. . ." See, New Rules For Title Insurance Take Effect May 1, 2010, Division of Insurance. An O&E charge must be properly filed with the Colorado Division of Insurance in the same manner as other rates.

WHAT A WRITTEN O&E IS NOT

- It is important to understand that O&Es therefore (by definition) do not include additional information including but not limited to, judgments, tax liens (usually identified through a name search per federal and state records) or other encumbrances outside of the applicable deeds of trust or mortgages. O&Es reflect only information recorded against a particular legal description. *
- A title commitment which is a statement of the requirements, terms, and conditions upon which the title insurance company is willing to insure an interest in subject property. Accordingly, a title company does not apply the same search and examination processes in producing an O&E compared to a title commitment or other title insurance products and therefore no willingness to insure an interest in a property is a component of an O&E.
- Disclosure of recorded Covenants, CCRs, or Declarations (therefore including but not limited to applicable restrictions or easements on a given property).
- An Opinion of Title or an instrument showing sufficiency as to marketability of title.
- A Litigation Guarantee, a Foreclosure Guarantee, a Mortgage Guarantee, a Recorded Document Guarantee, a Subdivision Guarantee, a Mortgage Lien Priority Guarantee, a Chain of Title or Title Guarantee, a Mortgage Modification Guarantee which are all title insurance products which provide title insurance coverages per such products.
- A "verbal O&E". This is a service that is generally provided for broker listing appointments.
- An Abstract Report.

An O&E should never be used to determine if property should be purchased or sold, to warrant the priority of a contemplated loan, to prosecute a foreclosure or other legal actions, to issue title insurance products based on the provided information, or as a substitute for obtaining title insurance overall.