

WHY DO TITLE COMPANIES REQUIRE UNINSURED AFFIDAVITS?



Title companies require an Uninsured Affidavit for uninsured deeds recorded against a property to protect themselves and future buyers from potential risks associated with unverified transactions. **An uninsured deed is a deed that has been recorded without a title insurance policy**, meaning that its validity and legitimacy have not been vetted by a title company. Since title insurance guarantees the accuracy of ownership transfers and ensures that there are **no hidden claims or defects**, an uninsured deed introduces uncertainty. Title companies use the affidavit to confirm the legitimacy of the deed, ensure the grantor's intent, and determine whether any undisclosed encumbrances or claims might affect the property's title.

One of the primary concerns with uninsured deeds is the **potential for fraud** or undue influence. Because these deeds have not been reviewed by a title insurer, they may have been executed under questionable circumstances, such as through **coercion, forgery**, or misunderstanding. The Uninsured Affidavit requires the involved parties to affirm under oath that the transfer was legitimate and that no third parties have conflicting claims. This helps the title company assess whether additional steps,

such as a quiet title action, may be necessary before issuing a new title insurance policy. **Additionally, title companies need the affidavit** to evaluate whether the deed might have inadvertently bypassed standard due diligence processes. In a typical real estate transaction, title searches, lien checks, and legal reviews are conducted before a deed is recorded with title insurance. However, an uninsured deed may have skipped these critical steps, leaving open the possibility of **unresolved debts, tax liens, or easement disputes**. The affidavit serves as a safeguard, helping the title company confirm that **no hidden financial or legal burdens** are being transferred with the property.

Finally, the affidavit protects the title company from potential liability. If a title company insures a property without verifying the legitimacy of an uninsured deed, it **risks financial loss** in the event that a claim arises due to an undisclosed issue. By requiring an **Uninsured Affidavit**, the title company ensures that all parties acknowledge the circumstances surrounding the deed, reducing the likelihood of future disputes. This process ultimately safeguards both the title insurer and the new property owner, reinforcing the integrity of the real estate transaction.

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