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DISCLOSURE STATEMENT

Dear Client:

This notice of disclosure confirms the following:

- (1) That you have been informed that title to real property in the United States is governed by a system that provides evidence of ownership but not proof of ownership.
- (2) Certain risks that may affect an owner's title cannot be detected even after diligent search and evaluation. Such risks include, without limitation, the possibility that evidence of title may be based on forged or fraudulent documents; that errors may have occurred in the recording process at the recording office; and that certain on and off the record interests may be difficult or impossible to determine.
- (3) All methods of title assurance seek to reduce the risk of loss to an owner from a variety of title defects, but only title insurance provides absolute coverage for covered risks. In the absence of title insurance, you will have to prove that the title examiner or abstractor performed their tasks in a way that failed to meet proper standards of care and conduct. This means that you must prove fault. A fault-based liability system means that the person will not be liable for title problems arising from extremely difficult or impossible to eliminate risks such as those associated with forged or fraudulent documents or certain other on- and off-the-record problems.
- (4) Title insurance protects you from extremely difficult or impossible to eliminate risks to the extent such risks are covered by the policy.
- (5) If a lender is involved in this transaction, you should know that the lender requires and will obtain title insurance, at your expense. You will not be covered by the lender's insurance and will only be covered if you pay for and acquire your own policy of fee title insurance.
- (6) To the extent that a lender (if one is involved in this transaction) may sell your mortgage in the secondary mortgage market, underwriting requirements will require that title insurance be obtained for the lender.
- (7) You will have the opportunity to purchase an owner's policy of title insurance, upon payment of the premium, up to and including the date of closing of title. Should you decline to purchase such a policy, you will be required to sign a statement/declaration indicating that you have been advised that it is in your best legal interest to obtain such a policy and that irrespective of that advice, you elected to decline such coverage.

Should you wish to discuss the advantages of an owner's policy of title insurance, please contact me to discuss this very important matter.