

California Land Title Association Vs. American Land Title Association



Introduction

Purchasing a home is a huge monetary investment. It is in your best interest as a home buyer to protect yourself against anything that may threaten the integrity of your future home. One way to do this is to invest in title insurance. There are many title insurance companies, all with different coverage policies. In California, homeowners may elect to purchase standard coverage through the California Land Title Association, or they may extend their coverage by choosing a policy through the American Land Title Association.

California Land Title Association Policies (CLTA)

The California Land Title Association is a California trade association that represents title companies throughout the state of California. A CLTA policy protects homeowners from financial loss associated with title fraud or forgery. Standard CLTA coverage insures against the property being claimed by anyone other than the insured title owner. It also protects against any recorded claims on the title, including unpaid taxes by a previous owner.

American Land Title Association Policies (ALTA)

The American Land Title Association provides the broadest form of title insurance. ALTA policies offer greater coverage than CLTA policies. An ALTA policy protects against everything covered in a CLTA policy, as well as many additional risks to the title. These risks include easements or encroachments not shown by public records, as well as conflicting boundary lines and water rights.

Which is Right for You?

A CLTA policy will protect you against the most basic encumbrances associated with your home's title and against anything maintained in public records. However, it will not cover most issues not found in public records. Title policies will also list exceptions to what it will and will not cover. A CLTA policy outlines standard exceptions to the title in an attached schedule. An ALTA policy does not have "standard" exceptions; it will list exceptions to title individually. Though an ALTA policy is more expensive, it provides considerably more coverage. A lender may be more likely to approve you for a loan if you obtain title insurance through ALTA as it protects the lender as well as the home buyer.

