

## What is Title Insurance?

A title is the right to ownership, possession of a home or property. It is possible that someone other than the owner has a legal right to the property. If that right can be established, this person can claim your property outright or make demands on you as to its use. If that happens, the premium you paid your title insurer, (the underwriter), will defend and protect your ownership, including defending you in the legal system!

Title insurance helps buyers realize the dream of home ownership. A title insurance underwriter stands behind the work done to assure your rights to own your property. For a one-time fee your local Title Company will perform an average of 135 comprehensive steps to assure you (the buyer) and your lender that the seller actually has the right to sell the property and then provide insurance protection for as long as you own the property.

All of this is accomplished by a team of competent title professionals at a cost equivalent to a few hours of an attorney's hourly billable rate! The complex transactions needed to clear your home for purchase must be executed with the highest levels of security, speed, accuracy and integrity, so choosing a reputable title insurance company is critical.

Title insurance assures that:

- The seller actually has the right to sell you the property before you put your money on the table.
- The property is transferred to you free of liens or claims of ownership.
- The transaction is completed quickly and efficiently.
- You're protected (as is your lender) from fraud.
- All problems in the title are cleared before the property transfers to your name.
- Restrictions on the use of the property, like easements or rights-of-way, are disclosed to you before you take ownership.
- Money entrusted to the agents will be distributed to the proper parties within hours of the closing.
- In the event an undetected defect arises later, claims are paid and legal representation is provided (at no further cost to you).

## Can I choose my own title insurance company?

Yes, although few buyers do. Most choose to purchase title insurance from the company their real estate agent, lender or attorney recommends. Buyers often rely on recommendations from real estate professionals because they are working on many transactions each month and have the experience to recommend a competent title insurance agency. However, a smart buyer will do their own research and be sure of their decision.

## Do I have to purchase title insurance?

If you need a mortgage, as most buyers do, your mortgage lender will require this protection for an amount equal to the loan. If you don't need a mortgage, title insurance is the only way to protect your investment in your property from future claims regarding your title!

## What will my title company's underwriter do for me?

- Protect and defend you if your title and right to ownership are challenged.
- Search public records and help solve certain title defects prior to closing.
- Issue a title commitment – description of proposed policy.
- Act as an independent central clearing house – collecting necessary documents, following lender's instructions, making arrangements for proper payments and distribution of funds.
- Prepare your Closing or Settlement Statement (HUD 1).
- Coordinate and handle closing of the real estate transaction upon request.
- Record documents with the proper county.
- Issue the title policy.

## What is a title company searching for?

Using experience, expert skills and extreme attention to detail, and a staff of professionals a title company performs an exhaustive search of public records, for judgments, liens and other potential problems with the property. All of these records are accumulated for not less than 20 years building a tremendously costly but valuable asset for research. For example, there may be unpaid real estate taxes, or someone years ago may have forged a signature in transferring title. If problems are found, they are resolved prior to purchase to reduce your risk and prepare for the transaction process.

Without this research using this valuable asset, your rights to your property could be jeopardized, and your collateral and equity could even be lost. Unfortunately, not all problems with a title are caught in the examination process and even the most thorough search performed by the most experienced examiner may not uncover some obscure detail. Some potential hidden hazards that title insurance protects are:

- False impersonation of the true owner of the land
- Forged deeds, releases, etc.
- Instruments executed under fabricated or expired power of attorney
- Deeds delivered after death of grantor or grantee or without consent of grantor
- Deeds to or from a defunct corporation
- Undisclosed or missing heirs
- Misinterpretation of wills

- Deeds by persons of unsound mind
- Deeds by minors
- Deeds by aliens
- Deeds by persons supposedly single but secretly married
- Birth or adoption of children after date of a will
- Surviving children omitted from a will
- Mistakes in recording legal documents
- Want of jurisdiction of persons in judicial proceedings
- Discovery of will of apparent intestate
- Falsification of records
- Claims of creditors against property sold by heirs or devisees
- Deeds in lieu of foreclosure given under duress
- Easements by prescription not discovered by a survey
- Deed of community property recited to be separate property
- Errors in tax records, e.g., listing payment against wrong property
- Deed from a bigamous couple
- Defective acknowledgements
- Federal condemnation without filing of notice
- Corporation franchise taxes, a lien on all corporate assets
- Erroneous reports furnished by tax officials
- Administration of estates of persons absent but not deceased
- Undisclosed divorce of spouse who conveys as consort's heir
- Marital rights of spouse purportedly, but not legally, divorced

## What does my policy cover?

A title insurance policy states that if you, as insured, suffer a loss as a result of title defects, the insurer will reimburse you for loss up to the face amount of the policy and any related legal expenses.