

WHAT IS TITLE INSURANCE?



Buying a home may be the biggest investment you'll ever make.

Homeowner's insurance protects your investment against physical hazards like fire and theft, but it doesn't cover your most precious possession: the security of your title to the property. Title insurance is the only way to ensure complete protection.

What is Title Insurance?

The word "title" is a collective term for all your legal rights to own, use, and dispose of land. Title includes all previous ownership, uses, and transfers.

To legally transfer real estate property, the title must be found free of any circumstances that could endanger your right of ownership. **Title insurance** protects against the possibility of future loss, should your legal rights to your property be challenged.

There are two types of title insurance: *A lender's policy* and an *owner's policy*. The lender's policy protects the lender's interest in the property for the amount of the mortgage loan. An owner's policy protects the homebuyer for the full property value.

What is a Title Search?

A title search is a detailed examination of all available public records on a property to verify the seller's right to transfer ownership, and to uncover and potential challenges you might face.

A title search should reveal such things as: unpaid taxes, unsatisfied mortgages, judgments against the seller, and restrictions limiting the use of the land. However, even the most diligent search may fail to reveal some hidden hazards--that's where title insurance comes in.



What Does an Owner's Policy Cover?

An owner's policy protects your interest in the property against such hidden hazards as:

- Mistakes in recording of the legal documents
- Forged deeds, releases, or wills
- Undisclosed or missing heirs, including spouses
- Deeds by minors
- Deeds executed under an invalid or expired Power of Attorney
- Liens for unpaid taxes
- Fraud

For a one-time premium you pay during the closing process, your title insurer assumes responsibility for all legal expenses to defend the title to your property if it's ever challenged. If the defense is unsuccessful, you're reimbursed for the reduction in value of the land. For you, it's a win-win situation.

How Long Does Title Insurance Coverage Last?

A lender's policy lasts until the mortgage is paid in full. An owner's policy remains in force as long as you or your heirs have an interest in the property. If challenges to title arise even after the property has passed to your heirs, your title insurer will defend the title for them, just as they would for you.