



What is Title Insurance?

This is a guide to help you understand title insurance that is associated with the purchase or sale of real estate. Always obtain title and escrow advice from a qualified professional. If you would like a referral, please let me know.

1. Why do I need Title Insurance?

Owning real estate is one of the most precious values of freedom in this country. Get the assurance that the property you are buying will be yours. Other than your mortgage holder, no one else should have any claims or restrictions against your home.

Title insurance eliminates any risks and losses caused by faults in title from an event that occurred before you owned the property.

2. How does Title Insurance differ from other types of insurance?

Title insurance is different from other types of insurance in that it protects you, the insured, from a loss that may occur from matters or faults from the past. Other types of insurance such as auto, life or health cover you against losses that may occur in the future. Title insurance does not protect against any future faults.

Another difference is that you pay a one-time premium. A title insurance policy will protect you from risks or undiscovered interests.

There are two principal forms of title insurance:

- The lender's policy
- The homeowner's policy

3. What is a Lender's Policy?

A lender's policy protects the mortgage holder. If there is a fault in title that results in a loss, the mortgage holder will be paid back.

4. What is a Homeowner's Policy?

A homeowner's policy protects you, the purchaser, against a loss that may occur from fault in your ownership or interest you have in the property. You should protect the equity in your new home with a title policy.

*"If it's a new home you want, it is a **Newhouse** you get!"™*

5. What does a Homeowner's Policy provide?

- Protecting from financial loss due to demands that may be charged against the title to your home, up to the cost of the title policy.
- Payment of legal costs if the title insurer has to defend your title against a covered claim.
- Payment of successful claims against the title to your home covered by the policy, up to the cost of the policy.

6. What "hidden risks" are protected under a Title Policy?

- False impersonation of the true owner of the property by the seller or other persons previously in title.
- Forged deeds, releases and other documents.
- Deeds by persons of unsound mind.
- Deeds by minors.
- Invalid documents completed by an expired power of attorney.
- Invalid deeds delivered after the death of the grantor.
- Deeds by supposedly single persons but actually married.
- Fraud.
- Claims for unpaid estate inheritance and gift taxes against prior owners of your home.
- Unrecorded easements - giving one party the right to enter another party's property.
- Undisclosed descendents of former owners of your home or the land on which it is situated.

7. How long does my Coverage last?

Once purchased, title insurance remains in effect for as long as you own your property. Title insurance adds security and peace of mind to homeownership.

8. How do I obtain Title Insurance and what does it cost?

Let the title company, attorney or agent handling the closing of your property know that you want to purchase an Owner's Title Insurance Policy. When choosing a title insurer, look for a company with experience, as well as the financial strength to protect you.

In most states, the insurance commission or some other governmental body controls the premiums for title insurance policies. You only pay the premium once. The cost depends upon the purchase price of the property, and your policy amount must be equal to the purchase price.

- Source: TitleOne Title Company

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