

# WHAT IS TITLE INSURANCE?

It's **protection** against defects which affect the title to your home or business. When you buy property you are conveyed title by the prior owner to evidence your full legal ownership.

## BUT...

Occasionally a **hidden defect** in the title or a mistake in a prior deed, will, or mortgage may give someone else a legal claim against your property.



## WHY IS TITLE INSURANCE IMPORTANT?



Because it protects the **investment** you've made in your home or business. If a claim is made against your property, title insurance can save you

# TIME AND MONEY!

## HOW MUCH DOES TITLE INSURANCE COST?

**YOU PAY A  
ONE-TIME PREMIUM**

For coverage that lasts as long as you own your property, or as long as you may be liable for any title warranties you make.



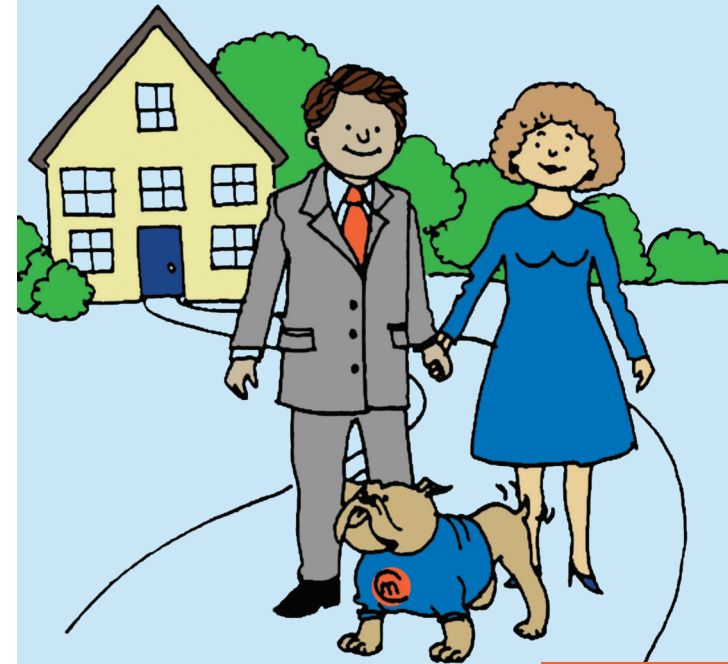
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# WHAT IS TITLE INSURANCE



## WHO IS COVERED BY TITLE INSURANCE?

### THE LENDER

When you borrow money to buy property, you are **typically required to buy** title insurance to cover the outstanding balance on the mortgage for the lender. But the lender's title policy does not protect you.

### THE BUYER

It's a good idea to get your own title insurance policy for protection in case there's a **claim against your home**. Then your investment is safe, too.

## IF A CLAIM IS MADE AGAINST YOUR TITLE...



**Notify** the title insurance company immediately, in writing. Include with the letter copies of all related letters and documents.

### THE COMPANY WILL DO ONE OR MORE OF THE FOLLOWING...



**PAY** the claim against your title.



**NEGOTIATE** with the other party to settle the claim.



**DEFEND** a court case related to the title.



**PAY** legal costs incurred in defending the title.



## EXCEPTIONS TO THE RISKS

Note, that certain risks **may not be covered** by your title insurance policy. The terms of your policy include...

### STANDARD EXCLUSIONS

Which appear as part of the printed form. These include:

- Government regulations, such as zoning, or the right to condemn property.
- Limitations on land use, such as laws against farm animals.

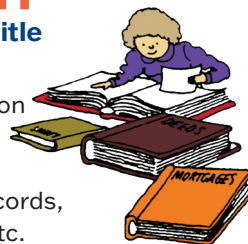
### EXCEPTIONS

May also be specially written into your policy. For example:

- Easements, rights of way, and other encumbrances noted in the deed or otherwise in the public records.
- Restrictive covenants which may prohibit certain types of use of your property.

## A TITLE SEARCH is the first step in obtaining title insurance.

That's when a detailed examination of the public records concerning the property is made, including deeds, civil and probate court records, judgment indexes, tax records, etc.



### The Purpose of the Title Search is

- **To Determine** the seller's right to transfer ownership.
- **To Discover** any claims, errors, assessments, mortgages or other burdens or restrictions on the property.

**A Title Search** is carried out by your searcher. He prepares an abstract to report all matters and transactions affecting the property. The abstract is then submitted to the title insurance company to be underwritten.

## WHAT RISKS ARE COVERED?

The policy is underwritten to include or exclude specific risks, depending on the circumstances.

### BUT GENERALLY THE TITLE POLICY COVERS 4 "HIDDEN RISKS."

#### 1 ERRORS IN THE PUBLIC RECORDS...

Such as incorrect information in deeds and mortgages regarding names, signatures or legal descriptions.



#### 2 JUDGMENTS, LIENS AND MORTGAGES...

Claims against the property or the seller which become the new owner's responsibility after closing, such as unpaid taxes, assessments, and other debts to creditors.



#### 3 CLAIMS TO OWNERSHIP...

by the spouse of a former owner or by "The Missing Heir" of a deceased owner who did not receive his share of the estate.



#### 4 INVALID DEEDS...transfers by previous sellers who did not actually own the property, or by previous owners who were minors or not mentally competent.



*Many of these problems might not be discovered in a routine search of the public records.*