



*Protect Your Investment*

# TITLE INSURANCE: A CRITICAL OPTION

The purchase of a home is likely one of the most expensive and important purchases you will ever make. You, and your mortgage lender, want to make sure the property is indeed yours – lock, stock and barrel – and that no individual or government entity has any right, lien, claim, or encumbrance to your property.

Title insurance companies are in business to make sure your rights and interests to the property are clear, that transfer of title takes place efficiently and correctly and that your interests as a home buyer are protected to the maximum degree.

The fact that title companies work to eliminate risks before they develop makes the title insurance decidedly different from other types of insurance you may have purchased. Most forms of insurance assume risks by providing financial protection through a pooling of risks for losses arising from an unforeseen event; say a fire, theft or accident. The purpose of title insurance, on the other hand, is to eliminate risks and prevent losses caused by defects in title that happened in the past. Risks are examined and mitigated before property changes hands.

## **Lender's Title Insurance Policy**

The lender's title insurance policy covers the lender in the case of a claim that affects the validity, priority or enforceability of the insured mortgage. The policy pays for the expense of researching a claim and any court costs incurred due to the dispute. Lenders insurance won't protect you personally if the insurance company loses a battle over legal title. You would be required to pay for the continued fight over the title and could lose your investment in the property.

## **Owner's Title Insurance Policy**

The owner's policy offers protection against various hazards, including those even the most thorough search of the public records do not disclose, such as forgeries, missing heirs or recording errors. The title insurer will pay valid claims which may include defense costs.

Here are just a few of the common risks that an owner's policy of title insurance protects against:

- Unpaid recorded mortgages
- Unpaid property taxes
- Unpaid recorded involuntary liens against a previous owner, which continue to affect your property
- Missing heirs who could claim the property belongs to him or her
- Missed recorded easements or rights of way that could limit your use of the property
- Mistakes in recording legal documents
- Fraud

The cost for title insurance is a one-time fee, as opposed to other lines of insurance that charge a monthly, quarterly or annual premium over the life of the policy. When you consider the size of the asset being protected, title insurance is probably the best value among the majority of costs associated with closing on a new home.



**Lawyers Title**