



What is TITLE INSURANCE and Why is it Needed?

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Your lender must insure that the quality of the title to the property you are about to buy, and which you will pledge as security for the loan, is satisfactory. The lender does this by obtaining a lender's policy of title insurance, often referred to as the ALTA lenders title policy.

The lender's title policy protects the lender against loss due to unknown Title defects at the time of closing and in the future. This policy only protects the lender's interest. It does not protect you. That's why you need an owner's title policy, which will be issued at the same time as the lender's policy for a one-time fee.

HOW CAN THERE BE A TITLE DEFECT IF THE TITLE HAS BEEN SEARCHED AND A LOAN POLICY ISSUED?

Title insurance is issued after a careful examination of copies of the public records. Even the most thorough search cannot absolutely assure that no Title hazards are present, despite the knowledge and experience of professional Title examiners. In addition to matters shown by public records, other Title problems may exist that cannot be disclosed in a search.

WHAT TITLE INSURANCE PROTECTS AGAINST?

Here are just a few of the most common hidden risks that can cause a loss of Title or create an encumbrance on Title:

- False impersonation of the true owner of the property
- Forged deeds, releases of wills
- Undisclosed or missing heirs
- Mistakes in recording legal documents
- Deeds by persons of unsound mind
- Deeds by minors
- Deeds by persons supposedly single, but in fact married
- Liens for unpaid inheritance, income of gift taxes
- Fraud

WHAT PROTECTION DOES TITLE INSURANCE PROVIDE AGAINST DEFECTS AND HIDDEN RISKS?

Title insurance will pay for defending against lawsuits attacking your Title as insured, and will clear up Title problems or pay the losses. By combining expertise in risk elimination at the time of issuing a policy, and protection against hidden risks as long as the policy remains in effect, your Title insurance protects against title loss.

Never buy a home without your Owner's Title Policy!