



Frequently Asked Questions

Why Do I need Title Insurance?

To protect possibly the most important investment you'll ever make the investment in your home. A lender goes to great lengths to minimize the risk of lending you the money you need to buy a home. First, your credit is checked as an indication of your ability to pay back your loan. Then, your lender goes a step further. He or she makes sure 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 loan policy of title insurance.

Doesn't the Lender's Policy Protect Me?

The Loan policy protects the lender against loss due to unknown title defects. It also protects the lender's interest from certain matters which may exist but not be knowable at the time of sale. But this policy only protects the lender's interest. It does not protect you. That's why you need an owner's policy, which can be issued at the same time as the loan policy for a nominal one-time fee.

If a lender has title insurance protection and you don't, what possible danger of loss can I face?

As an example, let's say you've bought a home for \$100,000. You've made a \$20,000 down payment, and your lender holds an \$80,000 mortgage lien or beneficial interest. Your lender has title insurance coverage protecting his interest up to \$80,000. But your \$20,000 is not covered. What if some matter arises affecting the past ownership of the property? The title insurance company would only defend and protect the interest of the lender. You would have to assume the financial burden of your own legal defense. If your defense is not successful, the result could be a total loss of title.

The title insurance company pays the lender's loss and is entitled to take an assignment of your debt. You are out your down payment, other equity in the property which you have accumulated, and your home. *And you still owe the remaining balance on your note.*

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. But 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.

Just What Does Title Insurance Protect 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 or wills
- Undisclosed or missing heirs



- Instruments executed under invalid or expired power of attorney
- Mistakes in recording legal documents
- Misinterpretations of wills
- Deeds by persons of unsound mind
- Deeds by minors
- Deeds by persons supposedly single, but in fact married
- Liens for unpaid estate, inheritance, income or gift taxes
- Fraud

What Protection Does Title Insurance Provide Against Defects And Hidden Risks?

Title insurance will pay for defending against any lawsuit attacking your title as insured, and will either clear up title problems or pay the insured's losses. For a one-time premium, an owner's title insurance policy remains in effect as long as you, or your heirs, retain an interest in the property, or have any obligation under a warranty in any conveyance of it. Owner's residential title insurance, issued simultaneously with a loan policy, is the best title insurance value you can get. 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 insurer protects against title loss.

What Do I Look for in a Title Insurance Company?

Size and financial strength are good indications of a dependable title insurance company. But it is also important to consider the company's problem-solving abilities.

The following characteristics play an important part:

- *Experience* -Experience is not just being the oldest title insurance company. It is the ability to use past solutions to solve current problems effectively and creatively.
- *Skill* -Skill is the ability to solve your problems quickly and accurately, using all available and appropriate resources. A title insurance company should offer rapid and accurate answers to title insurance questions, and be able to handle your special needs.
- *Commitment to Service* -A title insurance company should be committed to total customer satisfaction. The people concerned with your transaction should be able to anticipate your problems as well as solve them. And they should keep you well informed until those problems are resolved.

Your choice of a title insurer is important, because your home is important. You will want it protected with the best title insurance available, backed by an organization with sound financial strength and problem solving abilities.