

# what is title insurance

A title insurance policy is a contract insuring the insured's "ownership" or "interest" in a specific piece of real property. A title insurance policy insures the owner or others having an interest in the property against loss due to encumbrance, defective title or adverse claims against the title. This includes "hidden hazards", explained below.

## How long does title insurance last?

Coverage lasts as long as you or your heirs retain an interest in the real property and, in some cases, even longer.

## Who pays for title insurance?

By custom, not law, the seller pays for the buyer's Owner's Standard Title Insurance Policy. Again by custom, the purchaser pays for the title insurance policy insuring the lending institution providing the purchaser's financing. Again this is by custom, and a buyer and seller may agree between themselves as to who should bear the cost of title insurance.

## What is a title search?

A title search is a detailed examination of the historical records concerning the real property. These records include deeds, court records, property indexes, name indexes, and tax records, among others. The purpose of the search is to verify the sellers' right to transfer ownership and to discover any claims, defects, rights or burdens affecting the property.

## What kind of problems can be revealed?

A title search can show defects, liens, encumbrances and restrictions, such as unpaid taxes, unsatisfied mortgages, judgments against the seller and restrictions limiting the use of the land.

## Are there problems that can be missed?

Yes. There are some "hidden hazards" that even the most diligent title search may never reveal. For instance, the previous owner could have incorrectly stated his marital status, resulting in a possible claim by his legal spouse. Other "hidden hazards" include fraud, forgery, defective deeds, mental incompetence, confusion due to similar names and clerical errors in the records. These defects can come to light after you have purchased your home and jeopardize your right to ownership.

## How much could I lose if a claim is filed against my property?

That depends on the claim. In an extreme case, you might lose your entire home and property and still be liable to pay off the balance of your mortgage. Most claims are not that dramatic, but even the smallest claim can cost you time and money.

## Are there different kinds of policies?

Yes. As a homeowner you have the option of choosing different types of coverage.

How do I know which policies to order?

For help in deciding which policy best suits your needs contact your title representative.

## But does title insurance really protect me?

Yes. If your claim is accepted, the title insurance company may defend your title in court if necessary, at the company's expense. Alternately, the title insurance company will indemnify you against monetary loss or damage due to covered title defects, according to the terms of your title insurance policy.