

PRINCIPAL FORMS OF TITLE INSURANCE

There are two principal forms of title insurance:

- The owner's policy, which protects the property owner against loss resulting from defects in the title.
- The mortgage policy, which insures that the holder of the mortgage has a valid lien on the property and indemnifies the holder of the mortgage against loss resulting from title defects insured against.

TWO KINDS OF POLICIES MAY BE NEEDED ON A SINGLE PROPERTY

If a buyer pays cash for a property, only owner's title insurance is needed.

In cases where money is borrowed to purchase the property, the mortgage policy protects the lender's invested capital by insuring a valid lien in case the mortgage is foreclosed.

DIFFERENCES BETWEEN PROPERTY / CASUALTY INSURANCE AND TITLE INSURANCE

Property / casualty insurance protects the property owner against future events that might adversely affect the value of his or her property, such as fires, floods, etc. It is written for a fixed term for which the company receives a stated premium. At the end of this period, premiums may increase or decrease in line with the company's loss experience.

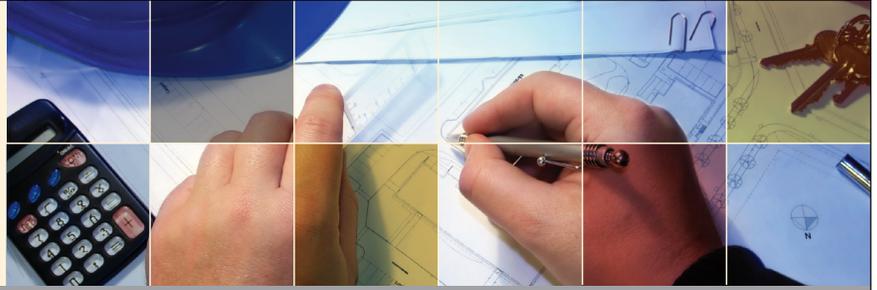
A title insurance policy, on the other hand, is or can be perpetual as to its term of coverage. Only one initial premium is charged for the risks that are assumed and carried over the years.

WHAT TITLE INSURANCE PROVIDES

PROTECTION

Title insurance guarantees that if a future claim against the title to real property results either in the loss of title to the property, or expenses to clear up title defects uncovered by such claims, title insurance will provide compensation up to the face amount of the policy.

PROVIDENCE TITLE



LEGAL DEFENSE

Should a future claim against the title to property require legal defense, the underwriter will work with the insured to provide for legal defense of the title and to pay the cost of defense, even if the costs exceed the face amount of the policy. This is true regardless of how many claims are brought during the life of the policy.

UP-TO-DATE INFORMATION

A title search of the public records conducted prior to issuing a title insurance policy reveals the rights a buyer has with regard to future development of the property. These include rights of way, easements, etc., as well as restrictions that may have been placed on the use of the property by previous owners.

ONE-TIME PREMIUM PAYMENT

For the cost of a single, one-time premium, title insurance protects the property owner against loss resulting from any title defects to the property covered in the policy for as long as the property is owned.

For more information, please reach out to a Providence Title team member.