



WHY YOU NEED TITLE INSURANCE

Title Insurance. It's a term we hear and see frequently. If you've purchased a home before, you're probably familiar with the benefits and procedures of title insurance. But if this is your first home, you may wonder, "Why do I need another insurance policy? It's just one more bill to pay."

The answer is simple: The purchase of a home is most 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 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. They provide services to buyers, sellers, real estate developers, builders, mortgage lenders and others who have an interest in real estate transfer. Title companies routinely issue two types of policies at the time of purchase – "owner's," which covers you, the home buyer; and "lender's," which covers the bank, savings and loan or other lending institution for the life of the loan.

Before issuing a policy, the title company performs an extensive search to determine if anyone other than you has an interest in the property. The search may be performed using public records or information gathered, reorganized and indexed in the company's title "plant."

With such a thorough examination of records, title problems usually can be found and cleared up prior to your purchase. Once a

title policy is issued, if a covered claim is ever filed against your property, the title company will pay the legal fee for defense of your rights, as well as any covered loss arising from a valid claim. That protection, in effect as long as you or your heirs own the property, is yours for a one-time premium paid at the time of purchase.

The fact that title companies work to eliminate risks before they develop makes title insurance different from other types of insurance. Most forms of insurance provide financial protection by pooling risks for losses arising from unforeseen events like fire, theft or accident. Title insurance, however, examines and mitigates risks before property changes hands. This benefits both the home buyer and the title company by minimizing the chances adverse claims might be raised, thereby reducing the number of claims that have to be defended, keeping costs down for the title company and your title premiums low.