

TITLE INSURANCE: NEVER BUY A HOME WITHOUT IT



Did you know that title insurance, most notably the owner's and lender's title insurance policy, is the foundation that allows you to buy, sell, and mortgage real estate? Not only is the real estate industry in and of itself significant, but it is also the lifeblood of the American economy. Real estate is where people live, it represents Americans' largest investment, and it forms the foundation for virtually all other economic activity.

Title insurance provides the security that purchasers and lenders demand to protect their real estate investments. Not only does title insurance provide security, but also it gets the deal done quickly and at reasonable rates. Once parties to a transaction have a meeting of the minds they want the deal consummated as quickly as possible without any hitches. Seasoned title professionals examine the land records and apply statutes and title standards to come to a determination of the status of title. With title insurance, closing in the United States takes about thirty days from a mutually executed contract. Venture abroad and you will find closings that take 6-9 months or more to consummate. Would it surprise you to know that the title insurance premium is only a fraction of the amount an average homeowner pays for hazard insurance over the course of his or her ownership? Well, it is... and not only that, it is the least expensive option to provide the security that buyers and lenders require.

Sellers, owners, buyers and lenders all have expectations about their rights and liabilities in a transaction. These parties can rely on the owner's and lender's policies to protect their interests. Without it, no one but the foolish would invest money in real estate.

Title insurance answers the question, "how can I ever be sure that I am dealing with the true owner of the land?" by giving a reasonable assurance that:

1. They will have the legal right to possess their interest and exercise their rights in the real estate
2. There are no undisclosed liabilities that detract from their interest
3. Their ownership will remain secure
4. The interest will be transferable to a purchaser

The owner's title insurance policy protects the new buyer against title defect(s), some of which include:

- Fraud and forgery
- Liens for unpaid taxes
- Outstanding mortgages
- Easements
- Incorrect notary acknowledgements
- Improper vesting and incorrect names

The lender's title insurance policy gives the lender assurance that in addition to proper vesting into the borrower's name and protection against title defects, that it also has a senior lien position (if not a second loan), and that the lien may be enforced.

Title insurance, through the search and examination of title, seeks to solve title problems before the purchase and/or loan is completed. If, however, a defect is missed or unresolved, the owner's and lender's title insurance policy is there to step in and pay valid claims and cover the costs of defending an attack on the title to the property.