

TITLE INSURANCE

California

The purchase of a home is one of the largest investments you will ever make. You and your mortgage lender will want to make sure the property is indeed yours and that no one else has any lien, claim or encumbrance on your property. The following Q&A answers some questions frequently asked about an often misunderstood line of insurance, title insurance.

What Is Title Insurance?

Title insurance is used by homebuyers and lenders for protection against back taxes, undisclosed liens, legal judgments, forgeries, fraud and a host of other potential legal/financial problems that can arise when purchasing or refinancing property. Title companies perform upon an exhaustive search of the public record to identify and correct liens and encumbrances on property. Most of the title insurance premium goes towards identifying and eliminating these potential problems before the close of escrow. Consumers pay only once for title insurance – there are no monthly premiums –for coverage that lasts as long as they own the property.



Who Needs Title Insurance?

Both buyers and lenders in real estate transactions need title insurance. Both want to know that the property they are involved with is insured against certain title defects. Title companies provide this needed insurance coverage subject to the terms of the policy. The seller, buyer and lender all benefit from the insurance provided by title companies. Title companies routinely issue two types of policies: An “owner’s” policy that insures the homebuyer for as long they own their home; and a “lender’s” policy that insures the priority of the lender’s security interest over the claims that others may have in the property.

The Importance Of A Title Search

Despite the expertise and dedication that goes into a title search, hidden title defects can emerge after completion of a real estate transaction, leaving the buyer without clear title. Title defects can be an unpleasant and costly surprise. Some examples include:

- Previously undisclosed errors with claims against the property
- A forged deed that doesn’t transfer title to real property
- Instrument executed under expired or fabricated powers of attorney
- Mistakes made in public record

Title insurance, through a company like First Integrity, is a simple step buyers can take to protect themselves against loss or damage due to potential problems with the title to the property.