

# WHAT IS TITLE INSURANCE?

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Title Insurance ensures that the transfer of ownership takes place efficiently and correctly and that your interest as a homeowner is protected to a maximum level. The policy protects against losses arising from unknown undisclosed defects in the past chain of title, generally referred to as a "cloud".

In exchange for a one-time paid premium, title insurance companies assume the risk that title to a parcel of real estate is as it is stated to be in the title policy. Title companies routinely issue two types of protection including Owner's coverage protecting the homebuyer, and Lender's coverage protecting the bank or lending institution over the life of the specified loan.

If a claim is ever filed against your property for a defect covered by your title policy, the title company pays any legal fees involved in defense of your rights as well as any covered loss arising from a valid claim. That protection remains in effect as long as you or your heirs own the property as originally purchased or conveyed to you.

## Why Title Insurance?

The purchase of a home is most likely to be one of the most significant financial investments you will make in life. Whether you are buying or selling a home, you want to make sure that the property is indeed clear to transfer ownership, and that no individual or entity has any right or claim to the property. To protect your ownership interest, Title Insurance is a necessity in every real estate transaction.

## What are some Common Title Defects?

- False impersonation of ownership.
- Contractual and non-negligent liability.
- Forgery of deeds, mortgages, releases of deeds of trusts, releases of mortgages, and satisfactions.
- Documents executed under invalid or expired Powers of Attorney.
- In competency or minority.
- Defective delivery of conveyances.
- Errors in recordation of legal documents.
- Undisclosed or missing heirs.
- Misinterpretation of wills
- Rights of access to and from property.
- Liens for unpaid property, estate, inheritance, or income taxes.
- Deeds to or from a Corporation before organization or after loss of charter.
- Improperly indexed documents of public records not found in a title search.

