

# What is title insurance?

You have signed a purchase agreement and you are scheduled for closing on the home of your dreams. Who wants to think about something as obscure as title insurance? Actually, you would be foolish not to.

A title is the document that verifies your legal right to your new home. To make sure there are no past errors or legal entanglements that might affect your ownership rights, all properties are subjected to a title search before closing. Sometimes, however, a title problem will unexpectedly surface days or years later. If a problem does occur, you will be glad to have the protection of title insurance. There are two kinds of title insurance: one that protects the lender (required) and one that protects you (optional).

Do not underestimate the importance of this coverage.

## Lender's Policy

- o mandatory for buyers to purchase
- o protects the mortgage lender
- o covers title defects, easement problems, judgments or liens
- o remains in effect until the mortgage is paid off.

## Owner's Policy

- o optional for buyer to purchase - but a small investment for peace of mind
- o protects you, the buyer, against title defects, easements, judgments or liens
- o pays for court costs and fees associated with claims, plus any other losses
- o covers you **and** your heirs forever - even after you sell the property

## Potential Threat. to Your Title

- o sudden appearance of unknown heirs
- o discovery of forgery, fraud or impersonation
- o evidence of altered deeds
- o discovery of unfiled or defective legal documents
- o liens for unpaid taxes or assessments