

## What is title insurance?

First, the word *title* is a collective term for all your legal rights to own, use, and dispose of land. Title includes all previous ownership, uses, and transfers. To legally transfer real estate property, a title search must be performed and, in most cases, the title must be found free of any circumstances that could endanger your right of ownership. Title insurance protects against the possibility of future loss should your legal rights to your property be challenged.

There are two types of title insurance: a *lender's policy* and an *owner's policy*. The lender's policy protects the lender's interest in the property for the amount of the mortgage loan. An owner's policy protects the homebuyer for the full property value. While a lender's policy is often required to grant a mortgage loan, an owner's policy is typically optional.

*This brochure is intended for information purposes only. Your title insurance policy contains terms and conditions that may limit or restrict coverage. Consult your attorney for specific advice regarding your legal rights.*

## What does an owner's policy cover?

An owner's policy protects your interest in the property against such hidden hazards as:

- Mistakes in recording of legal documents
- Forged deeds, releases, or wills
- Undisclosed or missing heirs, including spouses
- Deeds by persons of unsound mind
- Deeds by minors
- Deeds executed under an invalid or expired power of attorney
- Liens for unpaid taxes
- Fraud

For a one-time premium you pay during the closing process, your title insurer assumes responsibility for all legal expenses to defend the title to your property if it's ever challenged. If the defense is unsuccessful, you're reimbursed for any reduction in the value of the land. For you, it's a win-win proposition.

## What is a title search?

It's a detailed examination of all available public records on a property to verify the seller's right to transfer ownership and to uncover any potential challenges you might face.

A title search should reveal such things as unpaid taxes, unsatisfied mortgages, judgments against the seller, and restrictions limiting the use of the land. However, even the most diligent search may fail to reveal some hidden hazards, such as those mentioned earlier. That's where title insurance comes in.

## How long does title insurance coverage last?

A lender's policy lasts until the mortgage is paid in full. An owner's policy remains in force as long as you or your heirs have an interest in the property. If challenges to title arise after the property has passed to your heirs, the title insurance company would defend the title for them just as it would for you.

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