



What is Title Insurance?

So, you're buying a house. It's an exciting time. It can also be a bit confusing. Things feel like they're happening pretty fast and, often, some important things can go unexplained – like title insurance. Many people don't understand exactly what title insurance is or what it does, even a lot of people that already have it. As a title insurance company, Stewart Title would like to remedy that. So we've put together some basic information for you on title insurance in this flyer.

What is title?

Simply stated, the title to a piece of property is the evidence that the owner is in lawful possession of that property.

What is title insurance?

Title insurance protects real estate owners and lenders against any property loss or damage they might experience because of liens, encumbrances or the defects in the title to the property. Each title insurance policy is subject to specific terms, conditions and exclusions.

How does title insurance differ from other insurance?

Insurance such as car, life, health, etc. protects against potential future events and is paid for with monthly or annual premiums. A title policy insures against events that occurred in the past of the real property and the people who owned it, for a one-time premium paid at the close of the escrow.

What does it cover?

Title insurance protects against claims from defects. Defects are things such as another person claiming an ownership interest, improperly recorded documents, fraud, forgery, liens, encroachments, easements and other items that are specified in the actual policy.

Who needs it?

Purchasers and lenders need title insurance in order to be insured against various possible title defects.

The buyer, seller and lender all benefit from the issuance of title insurance.

How is a title policy created?

After the escrow officer or lender opens the title order, Stewart Title begins a title search. A Preliminary Report is issued to the customer for review and approval. All closing documents are recorded upon escrow's instruction. When recording has been confirmed, demands are paid, funds are disbursed, and the actual title policy is created.

What is escrow?

Escrow refers to the process in which the funds of a transaction (such as the sale of a house) are held by a third party, often the title company or an attorney in the case of real estate, pending the fulfillment of the transaction.

What are the policy types?

A standard policy insures the new owner/homebuyer, and a lender's policy insures the priority of the lender's security interest.

Contact us for information about title insurance and to learn more about our company



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stewart

Proudly issuing policies of Stewart Title Guaranty Company.

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WHAT DOES TITLE INSURANCE PROTECT YOU FROM? A LOT.

There are few things in life more important than protecting your home. The following matters are examples of why you need title insurance. Remember that the best title examination or search cannot protect your equity and home from matters not appearing in the public records. However, title insurance can protect you from:

- Documents executed under false, revoked or expired powers of attorney
- False impersonation of the true landowner
- Undisclosed heirs
- Improperly recorded legal documents
- Prescriptive rights in another not appearing of record and not disclosed by survey
- Failure to include necessary parties to certain judicial proceedings
- Defective acknowledgements due to improper or expired notarization
- Corporate franchise taxes as liens on corporate real estate assets
- Gaps in the chain of title
- Mistakes and omissions resulting in improper abstracting
- Improper modification of documents
- Rights of divorced parties
- Conveyances in violation of public policy
- Misinterpretation of wills and ancillary instruments
- Deeds by persons falsely representing their marital status.
- Claims by creditors of decedent against property improperly conveyed by heirs and devisees
- Issues concerning unlawful takings by eminent domain or condemnation
- Special tax assessments
- Real Estate homestead exceptions
- Forfeitures of real property due to criminal acts
- Forged deeds, mortgages, wills, releases of mortgages and other instruments
- Deeds by minors
- Deeds which appear absolute, but which are held to be equitable mortgages
- Conveyances by an heir, devisee or survivor of a joint estate who attempts to attain title by ill-gotten means
- Inadequate legal descriptions
- Conveyances by undisclosed divorced spouses
- Duress in execution of wills, deeds, and instruments conveying or establishing title
- Issues involving delivery of conveyancing instruments
- Deeds and wills by persons lacking legal capacity.

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The ALTA Homeowner's Policy – **Providing Greater Coverage**

There are two types of owner's title insurance policies certified by the American Land Title Association[®]: the owner's policy and the homeowner's policy.

The owner's policy protects you from defects and liens in the history of your title through the date and time your deed is recorded in the public records.

The homeowner's policy provides extended coverage for many additional unforeseen risks – including some that might occur after you legally own the home.

The homeowner's policy protects against many common, frustrating problems and safeguards your investment for as long as you or your heirs own the property. Read on for a description of some of the additional coverages you'll receive when you upgrade to a homeowner's policy.

Building Permit Violation Coverage

Covers up to \$25,000, after a deductible, equal to the lesser of 1% of the policy amount or \$5,000. This coverage applies if you have to remove an existing structure (excluding boundary walls and fences) built by a previous owner who did not obtain the required permits.

Subdivision Law Coverage

Covers up to \$10,000, after a deductible, equal to the lesser of 1% of the policy amount or \$2,500. This coverage applies if you cannot close a sale, secure a loan or obtain a building permit because the land was improperly subdivided prior to purchase.

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Address Coverage

Ensures that the home has the same address as the property insured in the policy.

Restrictive Covenant Violations Coverage

Protects against loss of title if someone attempts to enforce an existing restrictive covenant due to a violation that occurred before the policy date.

Zoning Coverage

Covers you if you are forced to remove or remedy a structure because it violates zoning laws. Protection for forced remedy of violations is subject to a deductible and a maximum dollar amount.

Post-Policy Coverage

Protects against possible post-policy ownership claims as a result of forgery or encroachment.

Enhanced Access Coverage

This covers the actual pedestrian and vehicular access to the property.

Encroachment Coverage

Protects against someone building a structure (excluding boundary walls and fences) that encroaches on the insured property.

Supplemental Taxes

Protects against supplemental taxes for prior construction or change of use or ownership.

Coverage for Structure Damage From Extraction of Minerals, Water and Other Substances

Protects all existing structures and landscaping on the property (including future replacements) against damage caused by others using the land for extraction and development of minerals, water and other substances.

Automatic Coverage Increases

Covers automatic increases in the policy amount of 10%, up to a total of 150%, during the first five years.

Trust Coverage

This extends policy protection to include any trusts you may create.

Trust the homeowner's policy backed by the company with more than a century's worth of experience delivering customer satisfaction. Choose Stewart, and you'll have the peace of mind you deserve from an underwriter you trust.

Policy contains certain stipulations and conditions as set out by Stewart Title Guaranty Company and the American Land Title Association. If you have questions regarding your legal rights under the policy, we suggest you contact your attorney.

For more information visit stewart.com.

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Title Insurance: What It Is and Why You (Probably) Need It



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<https://www.nerdwallet.com/article/mortgages/what-is-title-insurance-do-you-need-it>

Title insurance: It's another one of those mysterious fees buried inside the pile of paperwork you'll receive at your loan closing. Who knows what it's all about? All you've figured out is that lenders require a policy for their protection, and either you or the seller will have to pay for it — and then you'll be asked if you want an owner's title policy, too.

Here's how title insurance works, how to decide whether you need your own policy, and how much you can expect to pay.

What is title insurance?

Title insurance protects the insured from a financial loss related to the ownership of a property. There are two policies in the mix at a home loan closing: the lender's policy, which is required, and an optional owner's policy. Both are a one-time, upfront cost — not a monthly premium that will be added to your mortgage payment.

When you're in the process of buying a home, a title research company will check the property's ownership history. Ideally, your new home has what's called a "clear title." That means the current owner, who is selling to you, has a complete ownership stake in the property, without any legal claims against it. Claims can be in the form of a lien or levy from a lender, creditor or — in the event of taxes due — the government.

If the research company doesn't find any outstanding claims or title defects, why buy title insurance? Because an as-yet-undiscovered issue could cloud the ownership of the property years after the purchase. That could be a mistake in the ownership history, an oversight committed by the title researcher, even a previously unknown heir. Maybe there's a pending lawsuit or legal judgment. A title issue could also arise as a matter of fraud.

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A title defect that arises after a loan closing could, at the very least, mean a variety of legal costs — and, in a worst-case event, the loss of your property and the money you've put in it.

Lenders insist on title insurance to protect their interest in the loan. And that makes sense, because they're on the hook for the majority of the home's value, especially in the early years of the mortgage.

Do you need owner's title insurance?

Can you make a case against buying the owner's title insurance policy? Sure. But let's think this all the way through before making a decision.

"Here's the deal: When you buy a house or build a property, usually you get a warranty deed," says Martin Farris, a mortgage broker in San Angelo, Texas. "That means the seller is saying, 'This is a good deed. I own this property free and clear. I'm transferring it to you free of any other liens.'"

So any ownership defect would be the seller's responsibility, right? And as a buyer, you're in the clear — any legal action would be against the seller. But remember, the seller has transferred that risk to the insurance company. And even though the lender is protected by the title policy, your stake in the home could be at risk. That would be equal to your down payment and any equity you have. Again, a title claim could happen many years after your purchase.

For many home buyers, purchasing an owner's title insurance policy is a matter of being safe rather than sorry.

How much does title insurance cost?

A lender's title insurance policy is a given, and maybe now you think an owner's policy isn't a bad idea. How much will it cost to buy both?

Prices and discounts vary from state to state.

Some states regulate insurance rates, so there may not be much cost difference among insurers.

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