



# TITLE INSURANCE POLICIES

## WHY INSURE THE TITLE TO YOUR HOME?

When you buy a house, you're buying more than the structure and the property it sits on. You are also buying its legal history, as it is identified in the title. If there's a problem with the title that was never uncovered during the closing, such as a lien on the property, that problem is now yours.

## THE ROLE OF TITLE INSURANCE

Title insurance insures parties against loss resulting from matters affecting the title to real property. Title insurance companies evaluate the history of the property and insure that nothing in the history of the title will result in a loss to the insured. Unlike other forms of insurance, title insurance is paid for by a single, one-time premium at the time the property is acquired.

## TITLE INSURANCE FOR YOUR LENDER VS. TITLE INSURANCE FOR YOU

Most mortgage lenders require people to purchase a title insurance policy in the lender's name. That policy is called the Mortgagee Policy and it is required to insure the validity of the mortgage as a lien on your property. But the policy you buy for the lender does not protect you. Owners desiring title protection must purchase a separate policy insuring their interests. The title insurance policy you buy for yourself is the Owner Policy.



## THE STANDARD OWNER TITLE INSURANCE POLICY:\*

### Covering the Basics

The standard Owner Policy in use today was developed by ALTA, the American Land Title Association. It provides basic coverage for those who want to protect their interest in the property they purchase. The rate for your Owner Policy is usually higher than what you'd pay for a Mortgagee Policy because of the risk involved – Owner Title Insurance covers the value of your interest in the property as opposed to the value of just the loan. Specifically, it insures that:

- You are the true, legally recognized owner of the property.
- There are no defects, liens, or encumbrances other than those that have been identified and listed in the title insurance policy.
- You can sell your home to another buyer without being rejected because of a defect in the title you were unaware of when you purchased the policy.

The Standard Owner Title Insurance Policy (continued from previous page)

- You have a legal right to access your property from a public street – or a privately owned point of access.
- If your title is challenged, the insurer may defend your title. And costs, attorney's fees, and expenses associated with that defense will be covered by the insurer.
- A Standard Owner Policy also protects against a previously recorded violation of any public regulation, unless the notice of violation or enforcement is identified in the title insurance policy.
- The dollar amount of your coverage will automatically increase 10% each year for the first five years of its life – without any additional cost to you.

The Owner Policy provides coverage not just for the time you own the property, but for as long as you might be liable to any future owner. If a new owner makes a legal claim against you within the coverage of your title insurance policy, you'd be covered for the same protections listed above.

That's an overview of the Standard Policy, but because owning real estate can expose you to a wide range of legal issues, an Expanded Protection Owner Policy is available as well.

## THE EXPANDED PROTECTION OWNER TITLE INSURANCE POLICY\*

### More Coverage for Owners of Improved Residential Property

When you're purchasing a home, you have an additional option of purchasing an Expanded Protection Owner Policy. The Expanded Protection Owner Policy provides all of the coverage in the Standard Owner Policy but also provides coverage against loss if:

- Anyone makes an ownership claim based upon a forged deed after you buy the property.
- Someone else claims they have a right to your land, or can limit the way you use it, after you buy the property.
- You cannot use your house as a single-family residence.
- You do not have actual pedestrian and vehicular access to your property.
- Someone claims they own your land as a result of a violation of a recorded covenant or restriction that occurs before you acquire the property.
- You are prevented from obtaining a building permit to build an addition because of an existing violation of a subdivision law, or you are ordered to correct the violation.
- You are forced to remove a structure presently on your property because of an existing zoning violation, or you are ordered to correct the violation.
- You are forced to remove or remodel the existing home or another building on your land, because any portion of it was built without obtaining a necessary building permit.
- You are forced to remove an existing structure on your property because that structure encroaches onto your neighbor's land, into an easement or across a building set back line.

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The Expanded Protection Owner Title Insurance Policy (continued from previous page)

- Your home is damaged by someone utilizing an easement.
- After you buy the property, your neighbor builds a house or some other building that encroaches onto your land.
- You cannot sell your home because of an existing violation of a subdivision law.

In addition, choosing the Expanded Protection Owner Policy allows you to obtain survey coverage in certain cases without having to pay for a survey of the property. With survey coverage, you are covered for undisclosed title defects that a survey of the property would otherwise reveal, such as rights of way, encroachments, and even boundary disputes. Adding survey coverage allows you to maximize the coverage available under the Expanded Protection Owner Policy.

## THE CASE FOR TITLE INSURANCE

The issues outlined in this brochure explain why title insurance is important from a legal standpoint. But there's another, equally important reason for purchasing a title insurance policy: peace of mind. With title insurance you can feel secure, knowing that you're protected from unforeseen circumstances.

## ASK YOUR ATTORNEY

Real estate transactions can be complicated, time consuming, and may involve some degree of risk. With an attorney at your side, you can stay both informed and protected. That's why your attorney is such a critical part of the process.

When it's time to buy or sell real estate, always speak with an attorney.

\*The explanation of coverages in this brochure is for informational purposes only. For a detailed explanation, please consult your title insurance policy or ask your attorney.

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