

## **Frequently Asked Questions About Title Insurance**

**Q: What is title insurance?**

A: An insurance policy--protecting against potential loss that can occur should the condition of title to the property be other than what is insured.

**Q: Why do I need title insurance?**

A: Without a title insurance policy, you may not be fully protected against errors in public records, hidden defects not discovered in the public records, or mistakes in examination of the title of your new property. As a result, you may be held fully accountable for any prior liens, judgments or claims brought against your new property. If a problem does arise the title will be defended without cost to you and if the title, or any part of it, should be other than insured, you will be reimbursed, up to the face amount of your policy, for any financial loss incurred.

**Q: What do I do if I have a title problem?**

A: When any indication of a claim adverse to your title comes up, you should contact your title insurer or the agent who issued your policy. Title insurance includes coverage for legal expenses which may be necessary to settle an adverse claim.

**Q: How much does Title Insurance cost?**

A: The cost varies, depending mainly on the value of your property. The important thing to remember is that you only pay once. The coverage continues in effect for so long as you have an interest in covered property. If you should die, the coverage automatically continues for the benefit of your heirs. If you sell your property, giving warranties of title to your buyer, your coverage continues on that property but does not pass on or cover the new purchaser. Likewise, if a buyer gives you a mortgage to finance a purchase of covered property from you, your coverage continues to protect your security interest in the property.

**Q: If my lender gets title insurance for its mortgage, why do I need a separate policy for myself?**

A: The lender's policy covers only the amount of their loan, which is usually not the full property value. In the event of an adverse claim, the lender would ordinarily not be concerned unless its loan became non-performing, and the claim threatened the lender's ability to foreclose and recover its principal and interest. In the event of a claim there is no provision for payment of legal expenses for an uninsured party. When a loan policy is being issued, the small additional expense of an owner's policy is a bargain.



## **Why Title Insurance? Top 30 Reasons**

There are few things in life more important than protecting your home. The following matters are examples of why you need an Owner's Title Insurance Policy and a Mortgage (loan) Title Insurance Policy, which is usually required by your lender. Remember that the best abstracting and title examination or search cannot protect your equity and home from matters not appearing in the public records. However, a title insurance policy can protect you from the following:

1. Documents executed under false, revoked or expired powers of attorney.
2. Undisclosed heirs.
3. Improperly recorded legal documents.
4. Prescriptive rights in another not appearing of record and not disclosed by survey.
5. Failure to include necessary parties to certain judicial proceedings.
6. Corporate franchise taxes as liens on corporate real estate assets.
7. Mistakes and omissions resulting in improper abstracting.
8. Forged deeds, mortgages, wills, releases of mortgages and other instruments.
9. Deeds by minors.
10. Conveyances by an heir, devisee or survivor of a joint estate who attempts to attain title by ill-gotten means.
11. Inadequate legal descriptions
12. Conveyances by undisclosed divorce spouses
13. Duress in execution of wills deeds and instruments conveying or establishing title.
14. Deeds and wills by persons lacking legal capacity.
15. State inheritance and gift tax liens.
16. Errors in tax records.
17. Demolition and substandard building lines.
18. Administration of estates and probate of wills of missing persons who are presumed deceased.
19. Issues of rightful possession of the land.
20. Legal capacity of foreign personal representatives and trustees.
21. Issues involving improper marital status.
22. Improper modification of documents.
23. Rights of Divorced parties.
24. Conveyances in violation of public policy.
25. Misinterpretation of wills and ancillary instruments.
26. Claim by creditors of decedent against property improperly conveyed by heirs and devisees.
27. Issues concerning unlawful takings by eminent domain or condemnation.
28. Special tax assessments.
29. Real estate homestead exceptions
30. Forfeitures of real property due to criminal acts.