**WHAT IS TITLE INSURANCE?**

**A title insurance policy is insurance that you buy with a one-time payment to a title company and lasts as long as you own the property insured by the policy. This insurance protects against previously unknown claims that may harm your property value or ownership rights.**

WHY YOU NEED TITLE INSURANCE

When you purchase a home, you need to actually get what you have paid for. Problems (or “defects”) with title can limit your use or enjoyment of your property, and could also result in significant financial losses.

THE TITLE SEARCH

After your real estate contract is fully signed, a title insurance professional will search the public records to identify any potential complications in the title (see below for other common title problems).

THE LENDER’S POLICY

There are two broad types of title insurance policies: A lender’s policy, which protects the person or company loaning money for a real estate purchase, and an owner’s , which protects the new owner. The lender’s policy is usually based on the outstanding loan amount and protects the lender’s security in the property. Importantly, a lender’s policy does not protect the buyer. Buyer should consider a separate policy: the owner’s policy.

THE OWNER’S POLICY

Sometimes title problems arise that weren’t initially discovered in the public records or search process. An Owner’s Policy protects against these risks and is usually issued for the total purchase price of the real estate transaction. Only an Owner’s Policy protects the buyer when a covered title problem arises. Some such problems include:

* Errors or omissions in deeds
* Mistakes in examining records
* Forgery
* Undisclosed heirs
* Liens for the benefit of other properties

An Owner’s Policy provides assurance that your title company will stand behind you — monetarily and with legal defense, if necessary — if a covered title problem arises after you buy your property. Receiving an Owner’s Policy isn’t always an automatic part of the closing process. In different parts of the country, either the buyer or the seller may be responsible for providing owner’s coverage, or it may not be required. Be sure you request an Owner’s Policy and ask how it is paid for in your area.