

THE LENDER'S TITLE POLICY VS THE OWNER'S TITLE POLICY

There are two types of title insurance buyers encounter at the time of a property purchase. One is the Homeowner's Policy and the other is known as the Lender's Title Policy. Understanding the protection offered by each is critical to the decisions that are made upon closing a transaction.

THE LENDER'S TITLE POLICY

Upon the issuing of a loan, most lenders require a Lender's Title Policy. The Lender's Title Policy is typically based on the dollar amount of the loan. This policy protects only the lender's interests in the property should an issue with the title arise. This policy does not protect the buyer. The policy amount decreases as the loan is paid down and eventually disappears as the loan is paid off.

THE OWNER'S TITLE POLICY

An Owner's Policy is usually issued in the amount of the real estate purchase. It is purchased for a one-time fee at closing and lasts for as long as the owner maintains an interest in the property. Only an Owner's Policy protects the buyer should a covered title problem arise.

Title insurance is critical to protect one of the most important investments you'll ever make: The investment in your home!

Your title insurance policy will pay to defend the property owner against any lawsuit questioning title as the insured owner in accordance with the terms of your policy. It will either clear up title problems or incur the cost of settling the case, if it proves valid, in order to protect your title and maintain your possession of your property.

In addition to matters shown by public records, other title problems may exist that cannot be disclosed in a search. Just a few examples include:

- Errors or omissions in deeds
- False impersonation of the true owner of the property
- Forged deed, releases or wills
- Instruments executed under invalid or expired power of attorney
- Undisclosed or missing heirs
- Mistakes in recording legal documents
- Misinterpretations of wills or deeds by persons of unsound mind
- Judgments
- Mechanic liens
- Deeds by minors
- Deeds by persons supposedly single, but in fact married
- Fraud on the part of the Sellers
- Liens for unpaid estate, inheritance, income or gift taxes
- Undisclosed Easements

An Owner's Policy provides assurance that your title insurance company will stand behind you—monetarily and with legal defense if needed—if a covered title problem arises after you buy your home. Please contact us directly for more information about title insurance from the team with the expertise you can trust.