

The Title Company's Role in a Real Estate Transaction

Home ownership is a wonderful and sought-after dream for most Americans. But before they can actually get their home, they will have to contend with many home ownership details.

Being that a home is usually the largest single financial investment most people make in their lifetime, the importance of fully protecting this investment cannot be over emphasized. A basic and essential protection for home ownership security is safe, reliable **title insurance** for the property.

What is title insurance?

Title insurance is basically like all other insurance – to minimize the risk to your investment. There are two main categories of risk: **hidden hazards** (forgery, fraud, impersonator, incompetence of grantor or mortgagor, unknown heirs, etc) which cannot be detected in the examination of title and the human factor - **human error** - it's a fact of life.

Title insurance differs from conventional insurance in that it protects you from future losses arising from events of the past. There are no annual premiums – just one premium based on the amount of the sale or mortgage. It is paid when the policy is issued, and remains in effect for the life of the policy.

A **mortgage policy** insures the lender and remains in effect until the mortgage is paid in full. An **owner's policy** insures the buyer, and remains in effect for as long as the owner or their heirs retain interest in the property.

The role of the title company is to search for and examine public records – investigate all information surrounding title to the property. The facts that are uncovered during the initial search will determine:

- A** That the seller is, in fact, the legal owner of the property.
- B** That the "estate" or degree of ownership being sold is currently and accurately vested with the seller.
- C** The presence of any unsatisfied liens which must be satisfied before "clear title" can be conveyed.
- D** Existing restrictions, easements, rights of way or other rights granted to others who are not owners which may limit the right of ownership.
- E** The status of property taxes and other public or private assessments.

These facts will be presented in a **preliminary title report**. This report is issued to the mortgage lender or purchaser (depending on who ordered it) before the close of escrow.

The title company is involved in the real estate sales transaction almost from the initial purchase agreement to well past the close of escrow. They work closely with Realtors, lenders, and legal counsel behind the scene typically.

Chicago Title gives homeowners peace of mind by protecting their interest in the property and the safety of their investment. And we have been for more than 165 years.