



HARBOUR POINT

TITLE

WHY TITLE INSURANCE?

Owning real estate is one of the most precious values of freedom in this country. Therefore, you will want the assurance that the property you are buying will be yours.

Title insurance is issued after a careful examination of the public records. But even the most thorough search cannot absolutely assure that no title faults are present, despite the knowledge and experience of professional title examiners. In addition to matters shown by public records, other title problems may exist that cannot be disclosed in a search. Title insurance eliminates any risks and losses caused by faults in title from an event that occurred before you owned the property.

Title insurance is different from other types of insurance in that it protects you, the insured, from a loss that may occur from matters or faults from the past. Other types of insurance such as auto, life, or health cover you against losses that may occur in the future. Title insurance does not protect against any future faults, but it protects you from risks or undiscovered interests. Another difference is that you pay a one-time premium for a policy that remains effective until the property is sold to a new owner — even if that does not occur for decades.

What is a lender's policy?

A lender's policy, also known as a loan policy or a mortgage policy, protects the lender against loss due to unknown title defects. It also protects the lender's interest from certain matters which may exist but may not be known at the time of the sale.

This policy only protects the lender's interest. It does not protect the purchaser. That is why a real estate purchaser needs an owner's policy.

What is an owner's policy?

An owner's policy protects you, the purchaser, against a loss that may occur from a fault in the ownership or interest you have in the property. You should protect the equity in your new home with a title policy.

What does an owner's policy provide?

- Protection from financial loss due to demands that may be charged against the title to your home, up to the cost of the title policy.
- Payment of legal costs if the title insurer defends your title against a covered claim.
- Payment of successful claims against the title to your home covered by the policy, up to the cost of the policy.

Why does the seller need to provide title insurance?

Any purchaser will need evidence that his investment in your property is free of title defects. The title insurance policy that you provide the purchaser is a guarantee that you are selling a clear title to your real estate, unencumbered by any legal attachments that might limit or jeopardize ownership. It will reassure your purchaser that he or she is protected from any risks or losses and could help you close your deal.

Why does the buyer need title insurance?

Without title insurance, you may not be fully protected against errors in public records, hidden defects not disclosed by the public records, or mistakes in examination of the title. As a result, you may be held fully accountable for any prior liens, judgments or claims brought against your new property. If this should occur, your title policy insures that you will be defended at no cost against all covered claims up to the amount of the policy.

How much does title insurance cost?

The insurance commission approves and controls the premiums for title insurance policies. The premiums are paid once, and the cost depends upon the purchase price of the property and the policy amount must be equal to the purchase price.

What does title insurance protect from?

- Undisclosed heirs
- Forged deeds, mortgages, wills, releases, and other documents
- False impersonation of the true landowner
- Deeds by minors
- Documents executed by a revoked or expired Power of Attorney
- False affidavits of death or heirship
- Probate matters
- Fraud
- Deeds and wills by persons of unsound mind
- Conveyances by undisclosed divorced spouses
- Rights of divorced parties
- Deeds by persons falsely representing their marital status
- Adverse possession
- Defective acknowledgements due to improper or expired notarization
- Forfeitures of real property due to criminal acts
- Mistakes and omissions resulting in improper abstracting
- Errors in tax records