

Title Insurance

WHAT IS A TITLE?

Simply stated, the title to a piece of property is the evidence that the owner is in lawful possession of that property.

WHAT IS TITLE INSURANCE?

Title insurance protects real estate owners and lenders against any property loss or damage they might experience because of liens, encumbrances or defects in the title to the property. Each Title Insurance Policy is subject to specific terms, conditions and exclusions.

HOW DOES TITLE INSURANCE DIFFER FROM OTHER INSURANCE?

Unlike other insurance such as car, life, health, etc., which protect against potential future events and are paid for with monthly or annual premiums. A Title Insurance Policy insures against events that occurred in the past, regarding a specific real estate property and the people who owned it.

Another difference is in how the policies are paid for. Title insurance is purchased with a one-time premium and provides coverage for as long as the policyholder or heirs own the property. This is unlike the annual or monthly premiums you must pay for other insurance types.

If a homeowner was to pay the national average cost of a title insurance policy and live in their home for just five years, the annual average cost of the Title Insurance Policy would be less than \$200 a year.

By comparison, the national average cost of a homeowner's insurance policy is over \$700 per year.



WHAT DOES IT COVER?

Title insurance protects against loss from hazards and defects that exist in the title to a property.

Title insurance protects real estate owners and lenders against any property loss or damage they might experience because of liens, encumbrances or defects in the title to the property.

Defects are things such as another person claiming an ownership interest, improperly recorded documents, fraud, forgery, liens, encroachments, easements and other items that are specified in the Title Insurance Policy.

Some examples of such defects might be improperly executed documents from a previous sale of a lien against a previous owner. Each Title Insurance Policy is subject to specific terms, conditions and exclusions.

Over half of all real estate transactions have a problem somewhere in the chain of title. We find these issues and assist in taking corrective action to enable the transactions to go through and allow our customers to have peace of mind about their new home purchase.

Every Experience Matters.

WHO NEEDS IT?

Purchasers and lenders need title insurance in order to be insured against various possible title defects. The buyer, seller and lender all benefit from the protection of title insurance.

HOW IS A TITLE INSURANCE POLICY CREATED?

After the escrow officer or lender opens the title order, the title agent or attorney begins a title search. A Title Commitment is issued to the customer for review and approval. All closing documents are recorded upon Escrow's instruction. When recording has been confirmed, demands are paid, funds are disbursed, and the actual Title Insurance Policy is created.

WHAT ARE THE TITLE INSURANCE POLICY TYPES?

There are two basic kinds of title insurance:

- Lender or mortgagee protection
- Owner's coverage

The Owner's Policy insures the new owner/home buyer, where as a Lender's Policy insures the priority of the lender's security interest.

Most lenders require mortgagee title insurance as security for their investment in real estate, just as they may call for fire insurance and other types of coverage as investor protection. When title insurance is provided, lenders are willing to make mortgage money available in distant locales where they know little about the market.

Owner's title insurance lasts as long as you, the policyholder – or your heirs – have an interest in the insured property. This may even be after you have sold the property.

Depending on local practices and state law where the property is located, you may pay an additional premium for an owner's policy or you may pay

a simultaneous issue charge – usually a smaller amount – for the separate lender coverage. You may even split settlement costs with the seller for the lender or owner's policy.

WHAT DOES THE PREMIUM PAY FOR?

An important part of title insurance is its emphasis on risk elimination before insuring. This gives you, the policyholder, the best possible chance for avoiding title claim and loss.

Title insuring begins with a search of public land records affecting the real estate concerned. An examination is conducted by the title agent or attorney on behalf of its underwriter to determine whether the property is insurable. The examination of evidence from a search is intended to fully report all material objections to the title. Frequently, documents that don't clearly transfer title are found in the chain, or history that is assembled from the records in a search.

Here are some examples of documents that can present concerns:

- Deeds, wills and trusts that contain improper wording or incorrect names;
- Outstanding mortgages and judgments, or a lien against the property because the seller has not paid taxes;
- Easements that allow construction of a road or utility line;
- Pending legal action against the property that could affect a purchaser;
- Incorrect notary acknowledgments.

Through the search and examination, title problems are disclosed so they can be corrected whenever possible. However, even the most careful, preventative work cannot locate all hidden title hazards.



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