

# Frequently Asked Questions About Title Insurance

## What Is Title Insurance?

A title insurance policy protects the insured against any loss suffered as a result of the title to land not being as insured in the policy. For a one time premium the title policy provides protection as long as the buyer owns the property. Unlike other kinds of insurance, title insurance insures against past events, affecting the rights to real property, rather than unforeseen future events.

## Why Is Title Insurance Important?

Title insurance is recommended on any home, on matter how new or apparently secure. Undoubtedly, the land has had many previous owners. Claims against any one of these persons can be filed against the property and against you as the present owner. Such hazards as fraud, missing heirs, old liens and many others can, and sometimes do, arise like ghosts out of the past. Title insurance protects you against these claims and title defects. Your title insurance policy is your shield of protection and will defend your ownership against loss as outlined by the policy. Your protection and peace of mind last as long as you and your heirs remain in ownership.

## How Much Does Title Insurance Cost?

Unlike the annual premiums of most other forms of insurance, you pay a one-time premium for title insurance. The premium will depend on the type of coverage you and/or your lender request.

## Who Is Covered?

There are two basic types of title insurance policies: an Owner's Policy and a Lender's Policy.

**Owner's Policy:** Owner's title insurance is generally issued for the amount of the purchase price. It protects the purchaser and the purchaser's heirs as long as they own the property.

**Lender's Policy:** Most lenders require title insurance as security for their investment in the property. The borrower typically pays for the Lender's Policy, which is issued for the loan amount.

## How Does A Title Company Eliminate Risks?

Title insurers conduct an examination of the public records looking for matters affecting the title to the real property. These records can include, among other things:

- Deeds
- Civil and Probate court records
- Easements
- Maintenance Agreements
- Assessments
- Debts and other burdens
- Restrictions on the property

An important part of the title insurance process is eliminating risk prior to insuring, thereby reducing the possibility of claim or loss. However, even the most careful examination cannot disclose "hidden hazards" to title.

## What Are Some Hidden Hazards?

Hidden hazards can emerge after completion of a real estate purchase creating an unpleasant and sometimes costly surprise. Some examples are:

- Forged deeds, releases or wills
- Undisclosed heirs claiming an interest in the property
- Documents executed under an expired or fabricated power of attorney
- Mistakes made in the public record
- Deeds executed by persons of unsound mind
- Gaps in the "chain of title"
- Invalid divorces
- Fraud

While many of these hidden hazards might not be revealed as a result of routine title examination, they may be covered under the terms of a title insurance policy. Community Title Group, Ltd. will defend the insured owner against an attack on their title and cover the cost of any settlement, up to the amount of the policy.