

TITLE INSURANCE AND YOU

WHY DO YOU NEED TITLE INSURANCE?

To protect possibly the most important investment you'll ever make - the investment in your home.

A lender goes to great lengths to minimize the risk of lending you the money you need to buy a home. First, your credit is checked as an indication of your ability to service or pay the loan.

Then, your lender goes a step further. The lender wants to make sure that the quality of the title to the property you are about to buy and which you will pledge as security for the loan is satisfactory. The lender does this by having you obtain a loan or mortgage policy of title insurance.

THE LOAN OR MORTGAGE POLICY DOES NOT PROTECT YOU!

The loan or 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 are not known at the time of sale.

This policy only protects the lender's interests. It does not protect you. That's why title companies offer owner's policies. Such an owner's policy can be issued at the same time as the loan policy for a one-time premium.

WHAT DANGER OF LOSS CAN YOU FACE?

If a lender has title insurance protection and you don't, what possible danger of loss can you face? What if some matter arises affecting the past ownership of the property?

The title insurance company would only defend and protect the interest of the lender. You would have to assume the financial burden of your own legal defense. If your defense is not successful, the result could be a total loss of title.

The title insurance company pays the lender's loss and is entitled to take an assignment of your debt. You are out your down payment, other equity in the property which you have accumulated, and your home. **And you still owe the remaining balance on your note.**

HOW CAN THERE BE A TITLE DEFECT IF THE TITLE HAS BEEN SEARCHED AND A

LOAN POLICY ISSUED?

Title insurance is issued after a careful examination of copies of the public record. But even the most thorough search cannot absolutely assure that no title hazards 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 is not a policy of guaranty of title, but is a policy of indemnity for an actual loss.**

WHAT TITLE INSURANCE PROTECTS AGAINST

Here are just a few of the most common hidden risks that can cause a loss of title or create an encumbrance on title:

- ★ False impersonation of the true owner of the property.
- ★ Forged deeds, releases or wills.
- ★ Undisclosed or missing heirs.
- ★ Instruments executed under invalid or expired power of attorney.
- ★ Mistakes in recording legal documents.
- ★ Misinterpretations of wills.
- ★ Deeds by persons of unsound mind or legal disability.
- ★ Deeds by persons supposedly single, but in fact married.
- ★ Liens for unpaid estates, inheritance, income or gift taxes.
- ★ Fraud.

WHAT PROTECTION DOES TITLE INSURANCE PROVIDE AGAINST DEFECTS AND HIDDEN RISKS?

Title insurance will pay for defending against any lawsuit attacking your title as insured, and will either clear up title problems or pay the insured's losses. For a one-time premium, an owner's title insurance policy remains in effect as long as you, or your heirs, retain an interest in the property or have any obligation under a warranty in any conveyance of it. Owner's residential title insurance, issued simultaneously with a loan or mortgage policy, is the best title insurance value you can obtain.

By combining expertise in risk elimination at the time of issuing a policy, and protection against hidden risks as long as the policy remains in effect, your title insurer protects against title loss.

If you have any questions concerning title insurance coverage, please call Kenneth M. Schwartz or Steven D. Farer at (518) 785-1111. We are here to assist you.