
What Is Title Insurance?

Title insurance protects your ownership rights to a property by covering **unknown issues** in the property's history—issues that could threaten your right to use, sell, or refinance the home.

Unlike homeowners insurance, which covers **future risks** like fire or flood, title insurance protects against **past problems** like:

- Forged or missing signatures
- Unknown heirs or probate issues
- Undischarged mortgages
- Fraud in document execution
- Clerical or filing errors in public records
- Improper indexing or recording
- Legal incapacity of prior owners (e.g., minors)

“If there’s a title problem, why are we closing?”

Many title problems don’t become visible until years later—often when you try to sell or refinance. Title insurance doesn’t fix the problem in advance—it protects you **when** one arises.

Two Types of Title Insurance

1. **Lender’s Policy**
 - Required by mortgage lenders
 - Protects the lender up to the loan amount
 - Paid by the buyer at closing
2. **Owner’s Policy**
 - Optional but highly recommended
 - Protects **you**—the homeowner
 - Covers your full equity in the property
 - One-time premium, effective as long as you (or your heirs) own the property

What Does an Owner’s Policy Do?

- **Pays Legal Fees**
If a dispute arises, the insurer hires and pays for a real estate attorney.

- **Covers Financial Losses**

If a covered title issue affects your ownership or ability to sell, you may be compensated or the problem resolved on your behalf.

- **Offers Peace of Mind**

Protects against issues uncovered **after** closing—but tied to the property's past.

Examples of Hidden Risks

- A previous owner's unpaid contractor places a lien
 - A forged deed from years ago is discovered
 - A neighbor encroaches and claims part of your land
 - An error in a public record affects your ownership rights
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Common Questions

Is it required?

- **Lender's policy:** Yes, if you're getting a mortgage
- **Owner's policy:** No, but it protects your equity

Do I need a new policy if I refinance?

- You'll need a new **lender's** policy—your **owner's** policy remains valid

When does coverage begin and end?

- It covers past issues only, starting from the date of purchase
- Coverage lasts **indefinitely**, as long as you *or your heirs* have an interest in the property

Does it cover future problems?

- No. It doesn't cover issues that occur **after** purchase (e.g., unpaid bills, new liens, or zoning changes)

Can I still sell my property if a claim arises?

- Not always. Claims can delay or block a sale until resolved, but the policy ensures you're financially protected during the process
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Final Thought

A lender's policy protects **the bank**.

An owner's policy protects **you**.

For a one-time cost at closing, an Owner's Title Insurance Policy offers long-lasting protection, peace of mind, and security against costly surprises.