



WHAT IS TITLE INSURANCE

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Securing title insurance is a standard step in a real estate transaction. The purpose of title insurance is to protect the buyer and lender against potential loss and liability if something in the documentation or process of title transfer for the property is wrong. Most lenders require that you purchase title insurance. You only pay for title insurance once and it will remain in effect until you sell the property or refinance.

Title Insurance Process: Title Search

Before a buyer obtains title insurance, the first crucial step to buying a home is to make sure that the home or property is legally available to be sold and purchased.

Title searches are now conducted as part of the standard real estate transaction to help prevent any issues in the purchase. A seller must have free and clear ownership of the property, which means they can rightfully and legally transfer full ownership of the property to you.

The search generally involves reviewing public property records to ensure that there are no errors in the property's title. Also, to ensure that no other issues such as potential undisclosed heirs, or omissions in the property's deed, unknown liens on the property, or any fraud related to the property deed. If a title search comes up "clean", then it has been determined that the seller has the legal right to sell and transfer ownership to the buyer.

Title searches are conducted through public records. These records are searched to find all documents relating to the title. The documents are then examined and used to develop the history of ownership. A title search can discover:

- The current status of ownership;
- The current owner; and
- Limitations of the owner's property rights such as mortgages, easements and liens.

How to Secure and Pay for a Title Insurance Policy

Buyers generally do not conduct title searches or find title insurance. Typically, the real estate agent you hire will choose a title insurer and initiate the process..

Title insurance costs vary and are usually paid as a one-time fee as part of your closing costs. The cost of title insurance can range from a few hundred dollars to a few thousand dollars. Should an issue arise, your title insurance covers the legal expenses for investigating claims, litigation, or setting adverse claims against your title.

Why Do I Need Title Insurance?

Title insurance protects a buyer from potential property disputes. Generally, title searches that are done thoroughly determine the current and past status of the real estate you are trying to purchase. But there is always the possibility the document was forged or a missing heir comes forward claiming the real estate is theirs. In these cases, title insurance is used to help deter any major financial losses.



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