

# 21

## 21 Reasons Why You Need Title Insurance



*With home ownership comes the need to protect against the past, as well as the future. Each successive owner brings the possibility of title challenges to the property. Title insurance protects a policy holder against challenges to rightful ownership of real property that arise from circumstances of past ownerships. Here are some examples of why you need title insurance.*

1. A fire destroys only the house and improvements. The ground is left. A defective title may take away not only the house, but also the land on which it stands. Title insurance protects you (as specified in the policy) against such loss.
2. A deed or mortgage in the chain of title may be a forgery.
3. A deed or a mortgage may have been signed by a person under age.
4. A deed or a mortgage may have been made by an incapacitated person or one otherwise incompetent.
5. A deed or a mortgage may have been made under a power of attorney after its termination and would, therefore, be void.
6. A deed or a mortgage may have been made by a person other than the owner, but with the same name as the owner.
7. The testator of a will might have a child born after the execution of the will, a fact that would entitle the child to claim his or her share of the property.
8. A deed or mortgage may have been procured by fraud or duress.
9. Title transferred by an heir may be subject to a federal estate tax lien.
10. An heir or other person presumed dead may appear and recover the property or an interest therein.
11. A judgment or levy upon which the title is dependent may be void or voidable on account of some defect in the proceeding.
12. Title insurance covers attorneys' fees and court costs.
13. Title insurance helps speed negotiations when you're ready to sell or obtain a loan.
14. A deed or mortgage may be voidable because it was signed while the grantor was in bankruptcy.
15. There may be a defect in the recording of a document upon which your title is dependent.
16. Claims constantly arise due to marital status and validity of divorces. Only title insurance protects against claims made by nonexistent or divorce "wives" or "husbands."
17. Many lawyers, in giving an opinion on a title, protect their clients as well as themselves, by procuring title insurance.
18. By insuring the title, you can eliminate delays and technicalities when passing your title on to someone else.
19. Title insurance reimburses you for the amount of your covered losses.
20. Each title insurance policy we write is paid up, in full, by the first premium for as long as you or your heirs own the property.
21. Over the last 24 years, claims have risen dramatically.

# The FAQs of Title Insurance For Homebuyers

A home is the single largest investment most of us will make in our lives. To buy with confidence, get owner's title insurance. It's the smart way to protect your property from legal and financial claims. To help you understand how it works, here are answers to common questions:

## What Is Title?

A title is your ownership right to your property.

## What is a Title Search?

A title search is a standard part of the home buying process that is conducted to uncover issues that could prevent your right to the property. Your closing agent reviews public records to see if there are problems or defects that could cause you legal issues.

## What is Title Insurance?

If you're buying a home, title insurance is a policy that protects your investment and property rights. There are two different types of title insurance: owner's policy and lender's policy.

Type 1: An owner's policy protects your property rights for as long as you own the home.

Type 2: A lender's policy is usually required by the lender and protects only the lender's financial interests. The buyer typically pays for this policy, but this varies depending on geography. We recommend you ask an ALTA member how it's handled in your area.

## Why Should I Purchase Owner's Title Insurance?

Purchasing owner's title insurance is a smart decision because it's the best way to protect your property from future legal claims.

## What Does Owner's Title Insurance Cost?

The one-time payment for owner's title insurance is low relative to the value of your home. The typical owner's title insurance policy costs around 0.5% of the home's purchase price.

## How Long Am I Covered?

Your owner's insurance policy lasts as long as you own your property. Your life will change over time, but your peace of mind never will.

## What Happens At Settlement?

You sign the legal documents and receive the keys to your home.

Your settlement agent will assist you throughout your real estate transaction to bring it to a successful closing.

For more information visit our website at:

[www.austintitle.com](http://www.austintitle.com)