

# TITLE INSURANCE THE TITLE PROCESS

FOUR ESSENTIAL SERVICES ARE PERFORMED DURING THE TITLE PROCESS.

## TITLE SEARCH AND EXAMINATION

When buying a home, prospective homebuyers or their real estate professionals consult a title company or agent. These highly trained title professionals conduct a search and examination of the public records to find and isolate title risks. As the records are generally indexed by name and not by property location, finding pertinent information can be tedious. The title industry invests millions of dollars to duplicate records and index them into geographic title databases to make the process more efficient.

- **Records that may be searched:** tax, court judgment, deed, encumbrance, mortgage, federal and state records.
- **Real property characteristics that may be evaluated:** zoning, location, survey issues, improvement type, etc.
- **Potential risks that may be identified:** prior defective deeds, unreleased mortgages, mechanics' liens, tax judgments, outstanding child support liens, access rights, utility and right-of-way easements, water and sewer assessments, improperly indexed documents, pending bankruptcy or divorce proceedings, boundary disputes, probate issues, forgery, fraud, undisclosed or missing heirs, etc.

## CURATIVE ACTIONS

During the title search and examination, title defects are found in more than one out of three residential real estate transactions. These defects are remedied or otherwise addressed by title professionals as a matter of course – a process that can be difficult, as well as costly. Homebuyers are often unaware that this important work is being done behind the scenes to protect their interests. **The corrective work performed by title professionals also helps to uphold the integrity of the land records upon which our property registration system is built.**

## SETTLEMENT / CLOSING SERVICES

In many parts of the country, the title professional also conducts the settlement and/or closing. For most transactions, **the process requires more than 100 time-consuming steps, including the following:**

- **Settlement:** review contract or escrow agreement, handle monies, pay off any prior mortgages, coordinate property inspections, prepare HUD-1 statement, and dozens of additional tasks.
- **Closing:** gather parties to review and finalize documents, close the transaction, and submit pertinent documents for proper recordation.

## THE TITLE INSURANCE POLICY

When a property's title is determined to be in insurable condition, the transaction can close and a policy of title insurance can be issued. Among other things, the policy insures against certain title risks that are undiscoverable from public records, such as forgery, fraud, and lack of capacity in prior transactions.

Two categories of residential title insurance are available:

### Owner's Policy

An Owner's Policy protects the homeowner from enumerated title risks for as long as the policyholder owns the property. We also offer various extended policies and expanded coverages to address title issues that may arise after the policy date, including false claims by identity thieves, neighbors building encroachments, and more.

### Loan Policy

A Loan Policy is generally required by lenders (and purchasers of loans in the secondary mortgage market) to provide insurance that their mortgage liens are valid and enforceable, and that they have priority over other liens or claims. Extended policies and expanded coverages are also available to lenders.



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