



## Why You Need Title Insurance

Title insurance is insurance against loss from defects in title to real property. This might include forgeries, encroachments, dower claims, and even the invalidity or unenforceability of mortgage liens.

It is meant to protect an owner's or lender's financial interest in real property against loss due to title defects, liens or other matters. It will defend against a lawsuit attacking the title as it is insured, or reimburse the insured for the actual monetary loss, up to the dollar amount of insurance provided by the policy.

Typically the real property interests insured are fee simple ownership or a mortgage. However, title insurance can be purchased to insure any interest in real property, including an easement, lease or life estate. Just as lenders require fire insurance and other types of insurance coverage to protect their investment, nearly all institutional lenders also require title insurance to protect their interest in the collateral of loans secured by real estate. Some mortgage lenders, especially non-institutional lenders, may not require title insurance.

### **Owner's policy**

The owner's policy insures a purchaser that the title to the property:

1. Is vested in that purchaser and that it is free from all defects, liens and encumbrances except those which are listed as exceptions in the policy or are excluded from the scope of the policy's coverage.
2. It also covers losses and damages suffered if the title is unmarketable
3. The policy also provides coverage for loss if there is no right of access to the land.
4. Expanded forms of residential owner's policy exist that cover additional items of loss.

The liability limit of the owner's policy is typically the purchase price paid for the property. As with other types of insurance, coverage's can also be added or deleted with an endorsement. There are many forms of standard endorsements to cover a variety of common issues.

The premium for the policy may be paid by the seller or buyer as the parties agree; usually there is a custom in a particular state or county on this matter which is reflected in most local real estate contracts. Consumers should inquire about the cost of title insurance

before signing a real estate contract which provide that they pay for title charges. The Shannon McCarthy Team can provide you detailed information as to the cost of title search and insurance before the real estate contract is signed. Title insurance coverage lasts as long as the insured retains an interest in the land insured and there is no additional premium paid after the policy is issued.

### **Lender's policy**

This is sometimes called a loan policy and it is issued only to mortgage lenders. Generally speaking, it follows the assignment of the mortgage loan, meaning that the policy benefits the purchaser of the loan if the loan is sold. For this reason, these policies greatly facilitate the sale of mortgages into the secondary market. That market is made up of high volume purchasers such as [Fannie Mae](#) and the Federal Home Loan Mortgage Corporation ([Freddie Mac](#)) as well as private institutions.

The Shannon McCarthy Team's turn-key service takes you through the process of acquiring Title Insurance and helps you choose those options most suited to your needs. Contact us today for a free consultation.

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