



WHY TWO POLICES ARE REQUIRED

Nearly all residential sales transactions involve an Owner's Policy and a Lender's Policy.

FOR THE SELLER

Typically the Seller pays a one-time premium for the new Buyer's Owner's Policy based on the sales price of the property. This will insure the Buyer that the Seller has the right to sell the property because they in fact do own it and that there are no unknown liens, claims, or encumbrances held against the property. Ultimately, the Buyer will inherit the property "free and clear".

California Title Company searches the public records to identify and eliminate title risks. The new Buyer's Policy indemnifies the Buyer against loss and provides a defense in the event of claims against the title according to the terms of the policy. For a one time charge the Buyer's Policy protects the Buyer for as long as they own the property. The Seller can also feel secure that the Buyer will not return years later to make claims against them based on title risks which were unknown at the time of sale.

FOR THE BUYER

For most, buying a home requires help with financing the purchase price. The purchase loan is secured by the new home being bought. The Buyer will be responsible for paying the title insurance premium for the Lenders Policy on the home loan. The premium is calculated on the loan amount and not the sales price.

The Lender will want to insure that the security for their loan is protected by title insurance and that the Buyer is the owner of record. The Lenders Policy of title insurance through California Title Company insures your lender and any purchasers of the lender's lien, that the lien has priority over other liens not shown in the policy. Many lenders condition their loans upon the purchase of a Lenders Policy.

In the event of an all cash purchase there is no Lender's Policy.

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