

Why do you Need *Title Insurance?*

TITLE INSURANCE. If you've purchased a home before, you're probably familiar with the benefits and procedures of title insurance. But if this is your first home, you may wonder, "Why do I need another insurance policy? It's just one more bill to pay."

The answer is simple: The purchase of a home is likely one of the most expensive and important purchases you will make. You, and your mortgage lender, want to make sure the property is indeed yours - lock, stock and barrel - and that no individual or government entity has any right, lien, claim, or encumbrance to your property.

Title insurance companies are in business to make sure your rights and interests to the property are clear, that transfer of title takes place efficiently and correctly and that your interests as a home buyer are protected to the maximum degree.

Title insurance companies provide services to buyers, sellers, real estate developers, builders, mortgage lenders and others who have an interest in real estate transfer. Title companies routinely issue two types of policies - "owner's," which covers you, the home buyer; and "lender's," which covers the lending institution over the life of the loan. Both are issued at the time of purchase for a modest, one-time premium.

Before issuing a policy the title company performs an extensive search of relevant public records to determine if anyone other than you has an interest in the property. The search uses either public records or more likely, information gathered, reorganized and indexed in the company's title "plant." With such a thorough examination of records, any title problems usually can be found and cleared up prior to closing.

Once a title policy is issued, if any claim covered under your title policy is filed against your property, the title company will pay the legal fee involved in defense of your rights, as well as any covered loss arising from a

valid claim. This protection, which is in effect as long as you or your heirs own the property, is yours for a onetime premium paid at the time of purchase.

The fact that title companies work to eliminate risks before they develop makes title insurance different from other types of insurance you may have. Most forms of insurance provide financial protection for risks arising from an unforeseen event like fire, theft or accident. The purpose of title insurance is to eliminate risks and prevent losses caused by defects in title that happened in the past. Risks are examined and mitigated before property changes hands.

This risk elimination has benefits to both the future property owner, and the title company. It minimizes adverse claims that have to be defended or satisfied and this keeps costs down for the title company and your title premiums low.

With the protection of title insurance you are assured that any valid claim against your property will be handled by the title company, and the odds of a claim being filed are slim.

Obtaining title insurance is a smart decision. Orange Coast Title Company would love to handle your next title transaction.

