



# Peace of Mind

A home is usually the single largest investment made in our lives. Homebuyers deserve peace of mind when it comes to their property rights. Whether you're a buyer or seller, or simply refinancing your mortgage, title insurance is the smart way to protect yourself against any problems affecting your property rights.

## 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 any real estate transaction that is conducted to uncover issues that could prevent future rights to the property. Your closing agent reviews public records to see if there are problems or defects that could cause legal issues.

## WHAT IS TITLE INSURANCE?

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.

- An owner's policy protects the new owner's property rights for as long as they or their heirs own the home. In many states, it's customary for the seller to purchase this protection for the new property owner.
- 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 IS AN OWNER'S TITLE INSURANCE POLICY NEEDED?

Owner's title insurance is a smart decision because it's the

best way to protect a property from future legal claims.

## WHAT DOES TITLE INSURANCE COST AND HOW LONG DOES IT LAST?

Owner's title insurance is a one-time payment calculated based on the value of the property. In some states, the seller purchases owner's title insurance on behalf of the new homeowner. Regardless of who purchases the owner's title insurance, the policy lasts for as long as the owner or their heirs own the property.

## DO I NEED TITLE INSURANCE IF I'M ONLY REFINANCING?

When you refinance, lenders usually require a new title search and lender's policy to protect their investment in the property. Typically, homeowners don't need to purchase a new owner's policy—the one you bought at closing is good for as long as you or your family own the property. However, you may want to contact an ALTA member to update your policy to reflect changes in your life.

## WHAT HAPPENS AT SETTLEMENT?

You sign the legal documents and receive the keys to your home. Once you receive your title insurance and other important documents in the mail (typically a few months later) make sure to put them in a secure location.

*Information in this article was obtained in part from American Land Title Association, Alta.org*

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