

## **Title Insurance - Six Frequently Asked Questions**

Written By: Diane Beckett

*For most of us, buying a home will be the single biggest investment we will ever make. Title insurance provides the means for you to defend the investment in your home by protecting your ownership from legal challenges.*

*We have listed answers to six of the commonly asked questions about title searches and title insurance.*

*Q. What is title?*

*A. Having "Title" to a property means that you are legally recognized as the owner. You are authorized to use the property within the legal restrictions imposed by authorities.*

*Q. What is Title Insurance?*

*A. Title Insurance is a policy that protects against possible defects in title documents and potential legal challenges to your ownership or "Title". "Title defects" include errors in deeds, errors in tax records, missing heirs, falsified records, misinterpreted wills and unpaid taxes. The full list is long. When challenges are made or defects are found, the legal costs to resolve the problems can be enormous.*

*Q. What Does Title Insurance Cover?*

*A. Title Insurance protects the policy holder by covering the costs of defending lawsuits challenging the insured title. The title company will resolve problems or pay losses incurred by the policy holder up to the amount of the policy.*

*Q. What are the Different Kinds of Title Insurance?*

*A. The Owners Policy:*

*This is a policy that protects the home purchaser. It is usually issued in the amount of the real estate purchase. This policy continues as long as the owner or the heirs have an interest in the property.*

*The Mortgage Policy: This policy protects the interest of the mortgage lender. All lenders require the borrower to provide proof and assurance that the loan will be in the correct lien position. If the validity of the mortgage is challenged or questioned, the policy provides for the defense only of the mortgage interest in the face amount of the policy. It does not cover the owner. This policy terminates immediately when the loan is paid off.*

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*Q. How Much Does Title Insurance Cost?*

*A. The cost depends on the face amount of the policy issued. The premium is a one time payment and is usually paid at the closing and lasts as long as the insured has an interest in the property.*

*When both the Owner's Policy and Mortgage Policy are issued simultaneously on the same land, special reduced rate apply. Also when property is refinanced or sold and an existing policy is submitted, the new policy will be issued at a reduced premium.*

*Q. What is a title search?*

*A. Before issuing a policy, the title company will check for defects in the title to the property by examining deeds, wills, tax records, liens, mortgages, bankruptcies and other public records. This search determines the current owner(s), any debts owed against the property and the condition of the title.*

*Prepared by:*

*Precision Title & Escrow Agency, Inc.*

*O-185 44th Street, S.W.*

*Grandville, MI 49418*

*(616)667-5750*

*(616)457-6611*

*dianeb@precision-title.com*