



WHAT IS TITLE INSURANCE?

Title insurance is an agreement to indemnify against damage or loss from a defect in title as evidenced by a policy of title insurance to a specific parcel or real property. Following a search and examination of public records and in exchange for a premium paid, title insurance companies will assume the risk that title to a parcel of real property is as stated to be in the policy of title insurance.

Types of Title Insurance (Policies)

Owner's Policy:

Insures an owner of any type of real property against loss by reason of those matters covered under the policy of insurance for as long as they own the property. There are several versions of each policy. Consult with your Real Estate Professional to determine which policy is best for you.

Lender's Policy:

Insures the priority of the lender's security interest over claims that others may have in the property.

Title Companies – What they handle

Title companies provide services to buyers, sellers, real estate developers, builders, mortgage lenders and others who have an interest in the real estate transaction. Title companies provide assurances that the transfer of title takes place efficiently and that your interests as an insured are protected under the terms and conditions of the policy.

Title insurance is different from many other types of insurances (casualty, auto, etc.). These other types of insurances assume risks by providing financial protection for losses arising from an unforeseen future event such as a fire, theft or accident. With title insurance, risks are examined and mitigated before the property changes hands.

Refinancing: Why Lenders Require Title Insurance

Your lender will want to insure that your new loan is protected by title insurance, just as the original lender required. Even if you already purchased a lender's policy, the policy remains in force only during the life of the loan that was insured. So, if you refinance, the old loan is paid off and a new loan is issued with a new title insurance policy. You will not need to purchase a new owner's policy of title insurance.



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Is an Owner's Policy Worth the Investment?

Title Insurance is based on loss prevention. A typical title search involves searching public records as well as our own Title Plant. No other insurance does this level of due diligence before issuing a policy.

When there is a claim against the title policy it is often due to a title defect that was undetected during the title search. The most common problems are FRAUD and FORGERY. When there is a loss it is usually significant and oftentimes in the hundreds of thousands of dollars.

Some of the Risks Covered By Title Insurance Policy

The following are risks covered by a Homeowner's form of title insurance policy (subject to insuring provisions, exclusions, exceptions and the conditions and stipulations):

- Someone else claims to have rights affecting your title arising out of forgery, fraud or impersonation.
- Someone else owns an interest in your title or has a recorded lien or encumbrance on your title.
- Someone else has rights affecting your title arising out of leases, contracts or options.
- Someone else has an easement on the land or recorded right to limit your use of the land.
- You are forced to correct or remove an existing violation of any covenant, condition or restriction affecting the land.
- Because of an existing violation of a subdivision law or regulation affecting the land:
 - You are unable to obtain a building permit.
 - You are forced to correct or remove the violation.
 - Someone else has a legal right to, and does, refuse to perform a contract to purchase the land, lease it or make a mortgage loan on it.

- You are forced to remove or remedy your existing structures, or any part of them, because any portion was built without obtaining a building permit or because they violate existing zoning law or zoning regulation.
- Your existing improvements made after the policy date, including lawns, shrubbery or trees, are damaged because of the future exercise of a right to use the surface of the land for the extraction development of minerals, water or any other substance.
- Someone else tried to enforce a discriminatory covenant, condition or restriction which is based upon race, color, religion, gender, handicap, familial status or national origin.
- A document upon which your title is based is invalid because it was not properly signed, sealed, acknowledged, delivered or recorded.
- The residence with the address shown is not located on the land.

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