

Title Insurance

● Why You Need Title Insurance

When you purchase a car, you receive a car title which shows you own the car and shows if there are any liens. When you purchase a home, you receive a deed. Unlike your car title, your deed will not show any liens which may affect your home. Without title insurance, when you receive your deed, you will not know if the title to your home is free and clear. The home that you purchase may be subject to old mortgages, liens, interests, easements, restrictions or other title conditions.

How do you find out if the title to your home is free and clear? You could ask the seller. But, sometimes the seller has no knowledge of the existing liens or other title problems. Sometimes, the seller will say not to worry, this property has been in the family's name for years. While that may be true, it does not mean that the seller's title to the property is free and clear. Other times, the seller will say that the seller has a title insurance policy that the seller will give to the buyer. But that seller's policy of title insurance will not protect the buyer, if there is a title problem. In case of a title claim, the buyer's remedy, without title insurance, would be against the seller, who may be long gone. When a buyer purchases an owner's title insurance policy the buyer knows that the title insurance company will hire and pay for an attorney to defend the buyer's title and will protect the buyer insured against undisclosed, third party title claims pursuant to the terms of the title insurance policy.

● Examination Of Title

A good way to discover the condition of the title to real estate is to select a title agency who is a member of the Ohio Land Title Association to do an examination of the public records to issue a title commitment. The title commitment is like an insurance binder, a preliminary report of the current condition of the real estate title. The title commitment will show many things – such as the legal owners of the property, the legal description of the property, and the conditions of record such as any mortgages, liens, real estate taxes, easements and restrictions. A buyer should read the title commitment and, if not understood or, if there are questions, consult an attorney.

● Types Of Title Insurance Policies

There are several types of title policies available in Ohio – owner's insurance and lender's insurance. While not a policy, a title guaranty shows evidence of title, it is limited, showing matters that appear on the public record. Title insurance policies

provide additional insurance coverage beyond matters in the public record, including coverage as to liens which may be mis-indexed, fraud, forgery and other matters. To get the best protection possible, a buyer should purchase an owner's title insurance policy. If the buyer is getting a loan, most lenders require that the buyer purchase a loan policy of title insurance. The loan policy, or lender's policy of title insurance, insures the lender in the amount of the loan. The lender's policy does not insure the buyer. For personal protection, the buyer should purchase an owner's title insurance policy.

● **Who Pays The Cost Of Title Insurance**

Generally, the purchase agreement indicates if an owner's title insurance policy is to be issued and who will pay the cost of the exam, the commitment and the policy. The parties should read and understand the purchase agreement and, before signing it, should consult an attorney with any questions. The parties have a choice of what title company to select. Sellers of residential real estate, in most instances, cannot designate a particular title insurance company unless the Seller pays all of the cost. Many realtors and lenders suggest a title company with whom they have an affiliated or ownership relation although they must disclose that relationship and afford the customer the opportunity to go elsewhere. The choice of a title company is negotiable by the parties. Depending on the area of the state, the local custom and practice, the cost of a title exam, title commitment and title insurance policy is negotiable by the parties.

● **Title Insurance Policies Differ From Other Forms Of Insurance**

Title insurance is not like most other insurance policies. First, there is a one time title insurance premium that is paid at closing. The one time title insurance premium for an owner's title policy covers the buyer for as long as the buyer owns the property. Second, if a title policy has been issued within ten (10) years, there often is a reduced rate provided the customer meets certain qualifications. Further, the title agency's search of public records may disclose problems, like old mortgages from a prior owner. The title agent will work to correct many of these problems before the closing and before issuing any title policy. Unlike car, health, accident, fire and life insurance, which insure against future events, an owner's title insurance policy insures an insured buyer against past problems.

When you get the deed to your new home, and you get title insurance, you will know that your title is free and clear and know that the title insurance company is there to defend and protect you against title claims as stated in your title insurance policy.

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