

# OWNER TITLE INSURANCE

EVEN MORE IMPORTANT DURING  
THESE CHALLENGING TIMES



## Your Title May Have Some Very Expensive Strings Attached

Issues that could affect the purchase of your home:

- It is discovered that the house was constructed on the wrong lot and there is a challenge to the ownership of your land.
- There is an outstanding prior mortgage and now the holder of the mortgage is foreclosing on the property.
- Someone challenges your deed because it was signed by a seller who was incapacitated at the time the deed was executed.
- A contractor who performed work on your house prior to your purchase was never paid in full and has filed a mechanic's lien against the property.



These situations, and others involving unexpected claims against your title, are why Owner Policies exist. **HAVING AN OWNER POLICY** under these circumstances **PROTECTS YOU** from the legal and costly financial consequences resulting from a claim that jeopardizes your ownership of the property.

## The Difference Between Your Deed And Your Title

**YOUR DEED** is evidence of the transfer of title to you, but **THE TITLE** is the property's legal history. Legal history could include:

- The Identity of past ownership of the property.
- Encumbering items: mortgages, income tax liens, real estate tax liens, mechanic's liens, bankruptcy and child support liens.

## Your Lender May Be Insured, But Are You?

Most mortgage lenders require you to purchase a Mortgagee Title Insurance Policy in their name. A lender does this to protect its financial interest in your property and to insure the validity of its mortgage as a lien on your property. **BUT THE POLICY YOU BUY FOR YOUR LENDER DOES NOT COVER YOU.** That's why it's important to have an Owner Title Insurance Policy.

## How Your Owner Title Insurance Protects Your Equity\*

If the owners purchase their home for \$200,000 and have a \$160,000 mortgage, they have \$40,000 equity in their home. Therefore, if a mechanic's lien existed for \$10,000, and the owners had \$40,000 of equity in their property, 100 percent of the lien would be paid by the owners, **UNLESS THEY HAVE PURCHASED AN OWNER POLICY.**

**THE OWNER POLICY INSURES THE ENTIRE VALUE OF THE PROPERTY**, whereas the Mortgagee Policy insures only the value of the mortgage. This is why the Owner Policy costs slightly more than the Mortgagee Policy.

## Owner Policies are a **ONE-TIME** investment, due at closing.

### Coverage For As Long As You Own Your Property And Beyond\*

Home buyers have the option of choosing the Standard Owner Policy or an Expanded Owner Policy that offers greater protection. Unlike other insurance, both the Standard and Expanded Owner Policies are paid for with a **ONE-TIME PREMIUM, DUE AT CLOSING.**

The coverage under both the Standard and Expanded Policies continues in force as long as you have an interest in the property. Even after you convey the title by warranty deed to the new owner, you are covered if that owner makes a claim against you. Talk to your attorney. He or she can fully explain the coverage provided under the Owner Policy.



### Covering The Cost Of Legal Defense

If the person claiming to have an interest in your property took legal action against you, your Owner Policy insurer would work to resolve the defect in the title. In the event the matter goes to court, **YOUR INTERESTS** and financial position **WILL BE PROTECTED** by the insurer.

### If The Value Of Your Property Goes Up, So Does Your Coverage.

If you are the primary resident as well as the owner of your property, you can **COUNT ON ADDED PROTECTION** when you purchase Owner Title Insurance. During each of the first five years of your policy, additional coverage is automatically added – **AT NO COST TO YOU.** So your equity is protected beyond the value of what's covered in the original policy.

### Ask Your Attorney

Real estate transactions can be complicated, time consuming, and may involve some degree of risk. With an attorney at your side, you can stay both informed and protected. That's why your attorney is such a critical part of the process.

When it's time to buy or sell real estate, **ALWAYS** speak with an attorney.

*\*The explanation of coverages in this brochure is for informational purposes only. For a detailed explanation, please consult your title insurance policy or ask your attorney.*

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