

Title Insurance is more than “Just Another Fee”

Title insurance is often misunderstood and considered “*just another fee*” that has to be paid in order to buy a house. However, title insurance is an insurance policy that protects your ownership in your new home. Most insurances protect from losses that may happen in the future, title insurance looks backwards and provides protection for matters or faults that occurred in the past.

In order to understand how title insurance provides its protections you need to know the process of how a title policy is issued.

1. Once you have a signed Contract with the seller for your potential new home, it is time to order Title from your Attorney. Your Attorney will conduct a current owner abstract and search for a prior policy.
2. Once your Attorney has completed a thorough title examination, they will issue a Preliminary Opinion on Title.
3. The Opinion is then sent to the Title Insurance Company along with the prior policy.
4. The Title Insurance Company will review the Attorney’s Opinion and issue a title commitment. The commitment will contain a list of covered items, a list of exceptions, and a list of requirements to be met at closing. You should review the commitment very carefully to ensure you understand what is covered and what is not covered.
5. After Closing and after all requirements have been met, your Attorney will prepare a Final Opinion on Title which will be submitted to the title company along with the title premium.
6. The title company will issue the Owner’s Title Policy and the Lender’s Title Policy.

Title Insurance is based on loss prevention, which means a much larger percentage of the premium dollar is spent up front preventing title problems from occurring. These costs cover identifying and resolving title issues before closing and eliminating risks that could result in a future claim. Based on a study by American Land Title Association, one out of every four residential real estate transaction has an issue with the title. Village Law Group’s skilled professionals perform their due diligence to discover all potential issues and resolve them prior to closing to ensure you have clear marketable title.

A typical abstract involves searching the public records, including visits to the offices of the register of deeds, clerk of courts and other officials. Our title team looks for such things as judgments, forged deeds, releases, liens, undisclosed missing heirs, deeds by incompetent person, falsification of public records, street and sewer systems assessments, special taxes, levies, easements that affect the property, and numerous other matters. While the possibility of unidentified risks still exist after a transfer of title, the purchase of title insurance protects the you and your lender from many types of claims made against the title to your new home.

The cost of Owner's title insurance is a one-time fee as opposed to other lines of insurance that charge a monthly, quarterly or annual premium over the life of the policy. An Owner's Policy of title insurance, which is obtained in addition to the Lender's Policy, remains in effect for as long as you or your heirs owns your home. An Owner's Policy also covers legal expenses involved in defending the title on your behalf.