

Why Title Insurance?

One of the most important aspects of protecting a real estate investment is making sure the title to the property is in proper order. Title insurance protects your ownership and use of the property by guarding against unknown and hidden risks that may cause you loss or affect your ownership.

Other types of indemnity coverage focus on possible future events and charge an annual premium. Title insurance protects against loss from hazards and defects that may already exist and concern the title.

Covered title risks include*:

- Invalid documents executed under expired/nonexistent power
- False assumption of identity concerning the legitimate property owner
- Liens and financial burdens charged to the previous property owner
- Non registered property easements
- Hidden heirs of previous property owners

What does title insurance provide?

- Payment of legal expenses to defend a guaranteed title
- Payment of valid claims up to the value of the policy *
- Thorough investigation of the title prior to issuance of title insurance

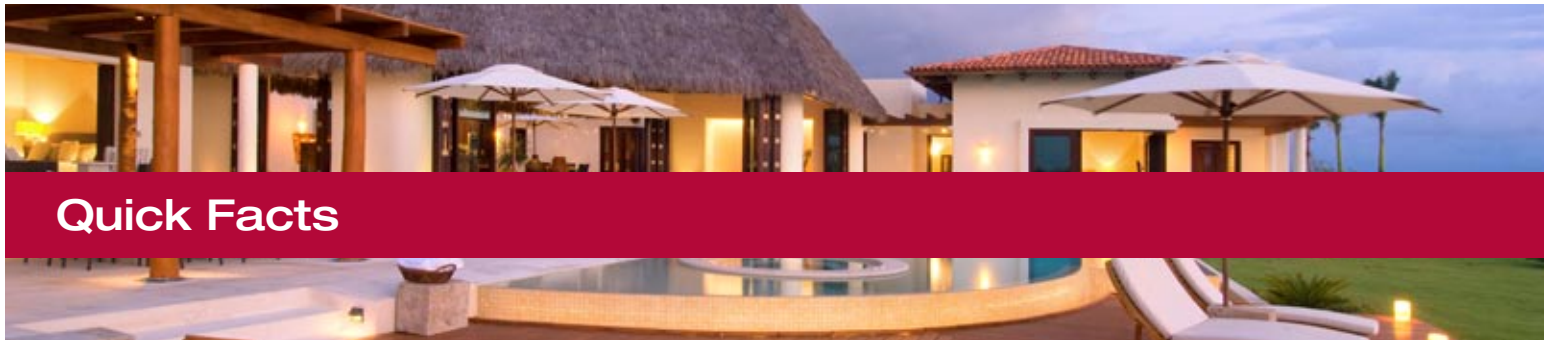
Title search and examination is the first step - indemnifying a home's title begins with a search of public land records affecting the property. The title agent or attorney working on behalf of the underwriter examines pertinent documents to determine whether the property is insurable.

Pertinent documents include:

- Deeds
- Wills
- Trusts
- Outstanding mortgages
- Judgments
- Property liens
- Highway or utility line easements
- Pending legal actions
- Notary acknowledgements

For the homeowner to be covered, he or she must purchase an owner's title insurance policy in addition to the required lender or mortgagee title insurance policy. An owner's title insurance policy lasts as long as the beneficiary or his or her heirs have an interest in the property – maybe even after the homeowner has sold the property. Lender's coverage is purchased for an additional fee or a simultaneous issue charge (usually a smaller amount).

With title insurance, real estate is more marketable and thus more valuable. Such title agreements have worked so well to protect buyers and lenders against defects in legal ownership that it is rapidly spreading around the world.



Quick Facts

What is title? Simply stated, the title to a piece of property is the evidence that the owner is in lawful possession of that property.

What is title insurance? Title insurance is a contract of indemnity that protects real estate owners and lenders against loss or damage they might experience because of liens, encumbrances or the defects in the title to the property. Each contract of indemnity is subject to specific terms, conditions and exclusions.

How does a title insurance policy differ from an insurance contract? Insurance such as car, life, flood, fire, etc., protects against potential future events and is paid for with monthly or annual premiums. Title insurance protects against events that may have occurred in the past concerning the real property, for a one-time fee paid at the close of the transaction.

What does it cover? Title insurance protects against claims from defects. Defects are things such as another person claiming an ownership interest, improperly recorded documents, fraud, forgery, liens, encroachments, easements and other items that are specified in the actual contract.

Who benefits from it? By being indemnified against various possible losses resulting from defects to the title, both the buyer and lender benefit from each person's title insurance policy.

How is a title insurance policy created? After the escrow officer or lender opens the title order, Stewart Title Guaranty begins a title search. A Preliminary Report is issued to the customer for review and approval. All closing documents are recorded upon escrow's instruction. When recording has been confirmed, demands are paid, funds are disbursed, and the actual title insurance policy is created.

What is escrow? Escrow refers to the process in which the funds of a transaction (such as the sale of a house) are held by an independent third party, often the title company or an attorney, pending the fulfillment of the transaction.

What are the policy types? A standard title insurance policy indemnifies the new owner/homebuyer, and a lender's policy indemnifies the priority and enforceability of the lender's security interest.

Peace of mind

Title insurance is purchased for a one-time fee and once acquired, protects the beneficiary as long as the beneficiary has an interest in the property. A title insurance policy is a contract of indemnity that protects the property rights transmitted to a new property owner/lender and indemnifies the beneficiary against damage or loss arising from a defect in the title to real property.

For more information about title, escrow, and closing coordination, or to find out why Stewart Title Guaranty is the right title company for you, visit www.international.stewart.com.

* This flyer provides information of a general nature refer to your title guaranty for specific coverage details.

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