

# What is Title Insurance ??

**Title Insurance is a policy that protects a buyer or a lender against errors or omissions or defects in the title of the property.**

Title Insurance will defend against a lawsuit attacking the title as it is insured, or reimburse the insured party for the actual monetary loss incurred, up to the dollar amount of insurance provided by the policy. Just as lenders require homeowner's insurance and other types of insurance coverage to protect their investment, nearly all institutional lenders also require title insurance to protect their interest in the collateral of loans secured by real estate.

There are two types of Title Insurance:

**Owner's policy:** The owner's policy insures a purchaser that the title to the property is vested in that purchaser and that it is free from all defects, liens and encumbrances except those which are listed as exceptions in the policy or are excluded from the scope of the policy's coverage. It also covers losses and damages suffered if the title is unmarketable. The policy also provides coverage for loss if there is no right of access to the land. Although these are the basic coverages, expanded forms of residential owner's policy exist that cover additional items of loss.

Your Attorney or Settlement Agent can answer your questions about the coverage provided by Owners Title Insurance and help you weigh the costs and benefits of purchasing this policy.

**Lender's policy:** This is sometimes called a loan policy and it is issued only to mortgage lenders. Generally speaking, it follows the assignment of the mortgage loan, meaning that the policy benefits the purchaser of the loan if the loan is sold. In general, the basic elements of insurance they provide to the lender cover losses from the following matters:

1. The title to the property on which the mortgage is being made is either
  - Not in the mortgage loan borrower,
  - Subject to defects, liens or encumbrances, or Unmarketable.
2. There is no right of access to the land.
3. The lien created by the mortgage:
  - is invalid or unenforceable,
  - is not prior to any other lien existing on the property on the date the policy is written, or is subject to mechanic's liens under certain circumstances.

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