

WHAT IS TITLE INSURANCE?

Buying a house is an exciting time, but it can also be a bit confusing. Things feel like they're happening pretty fast and, often, some important things can go unexplained – like title insurance. To help you understand the purpose and importance of title insurance, Stewart Title has put together this helpful overview.

What is title?

Simply stated, the title is the rights in a piece of property in which you may own either a legal interest or an equitable interest.

What is title insurance?

Title insurance protects real estate owners and lenders against property loss or damage resulting from liens, encumbrances or the defects in the title to the property. Each title insurance policy is subject to specific terms, conditions and exclusions.

How does title insurance differ from other insurance?

Insurance such as hazard, flood, car, life, health, etc., protects against potential future events and is paid for with monthly or annual premiums. Title insurance often protects against previous owners and past events related to the property, and is purchased with a one-time premium.

What does it cover?

Title insurance protects against loss from hazards and defects already existing in the title and/or ownership of the property. Defects include things such as another person claiming an ownership interest, improperly recorded documents, fraud, forgery, liens, encroachments and easements.



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Who needs it?

Home buyers and lenders need title insurance in order to be insured against various possible title defects. The buyer, seller and lender all benefit from the issuance of title insurance.

How is a title policy created?

The creation of a title policy begins by the title company searching the public land records affecting the property. These records include, but are not limited to, deeds, deeds of trust, property liens, easements and restrictions and other items of record. Once the property search and examination is complete, the title company issues a preliminary report for review and approval. After all transaction and preliminary report items are cleared for closing, transfer documents will record and the title policy will be created by the title company.

What is escrow?

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

What are the title insurance policy types?

A standard policy insures the new owner/home buyer, and a lender's policy insures the priority of the lender's security interest. There are extended coverage policies such as a homeowner's policy and an extended lender's policy.

Contact us for more information.

Stewart Title of California, Inc.
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