

Owner's Title Insurance

Owner's Title Insurance is an optional policy to protect your financial investment in the home. Since it is optional, we do not put it on a Good Faith Estimate. As a broker, I do not benefit if you get it; however, I do recommend that you purchase it. It is a one time fee that protects you from unknown flaws in the title such as mis-recorded deeds, fraud, or erroneous claims (even if someone without a legitimate claim sues you, you still have to pay to defend yourself).

I suggest you ask your real estate agent or lawyer for further advice.

The fee for the coverage is set by the closing attorney and depends upon how much money you put down. You can call them for the amount. You can pay by personal check.

Below is some text I copied from an advertisement on Owner's Title Insurance.

Nathan Moore

Buying real estate is certainly an important investment. The soundness of that investment is largely dependent upon the condition of the title to the land, because what you buy is not land but the title to it.

Land is both permanent and immovable. No other property has a useful life that compares with it. Owners die, new ones take over; the title itself can be sold, exchanged, borrowed upon, given away – but the land itself goes on forever. Its appearance may change, but its location never will.

Because of these factors, there is a completely different set of laws and procedures governing real estate. These land and practices are so numerous and complex that it is impossible to be certain that there is no defect in the title which would impair your right to the use of the land.

For example, there are many possible defects in titles that may be so well hidden that even the most careful examination of the records cannot discover them: defects arising from fraud, forgery, insufficiency of deeds or other documents, persons of unsound mind, missing heirs, widow's dower, right of divorced persons or a child born after the making of a will – these and many other circumstances can arise to impair the title to your property and your investment in it.

These risks are recognized by financial institutions that lend money on real estate as security. They can't afford to assume the risks and they require a title insurance policy for their protection. But it is only for their protection! The mortgagee's policy issued on your property will not protect you.

It leaves you unprotected because – (1) the title company has a duty to protect only the mortgagee or lending institution, because it is the insured, not the owner. (2) It is issued only in the amount of the mortgage, and as you make payment reducing the amount, the insurance provided by the mortgage policy is reduced accordingly.

You should protect yourself at the time the real estate is purchased by requesting an owner's policy for the full purchase price naming you as the insured. There is a premium rate discount offered if you purchase an owner's policy at the same time the mortgage policy is issued. There is no recurring premium to pay for title insurance; you pay only the initial premium for the policy – and the coverage continues indefinitely, even extending to your heirs for as long as they have any interest in the property.

An owner's title insurance policy will assure that you:

- Are protected against financial loss which you may suffer because of concealed title defects that cannot possibly be discovered by title examiners.
- Are protected against human errors of title examiners and others that may cause you financial loss.
- Are protected by the knowledge, skill and "know-how" of title insurance experts who base their decisions on an exhaustive search of your title and whose broad objective is to eliminate guesswork and the probability of loss.
- Have a definite insurance contract indemnifying you, according to its terms against loss or damage due to title defects
- Will have no recurring premium to pay for title insurance. Remember, you pay only the one premium for the policy – and the coverage continues indefinitely, even extending to your heirs for as long as they have any interest in the property