

# Title Insurance

## FAQ

### **Why do you need title insurance?**

A home is usually the largest single investment any of us will ever make. Title insurance protects against loss of value from hazards and defects that may exist in the title. These hazards include fraud, forged signatures on deeds, unknown property heirs, liens, and documentation errors. If you were uninsured and your right to title is challenged, you could lose significant money defending yourself or you could lose your home. Your mortgage lender will require a loan policy of title insurance to protect their interest in the value of your property, and a homeowner should purchase an owner's policy for the very same reason.

### **What is a title commitment?**

A title commitment is the title company's commitment to issue a title insurance policy to you and/or your lender. The title commitment contains the terms and conditions upon which we will issue our policy.

### **What is a title policy?**

There are two kinds of policies. An owner's title policy is our guarantee that we will either defend you in a lawsuit or indemnify you for any loss you may encounter as a result of a title defect. The mortgagee's title policy, required by your lender, protects your lender just as the owner's title policy protects you.

### **What is a Settlement Statement?**

A Settlement Statement is the document which shows all of the closing costs related to the transaction, separated into Buyer and Seller costs. This documentation also tells the Buyers how much they are required to bring for the closing and tells the Sellers how much money they will either receive or owe at closing. Separate settlement statements are prepared for the Buyer and the Seller.

### **How does title insurance protect against hazards?**

An owner's policy of title insurance requires the insurance provider to pay for defending against any lawsuit attacking your title as insured, and will either clear up title problems or pay the insured's losses. For a one-time premium generally paid at closing, an owner's title insurance policy remains in effect as long as you, or your heirs, retain an interest in the property.

### **What is a closing?**

Closing, which is also known as "settlement" or "escrow," is the event where the title to a property is transferred from seller to buyer. Closing is typically held in an office, such as that of an attorney, title agent or title insurance company, and involves the completion of all the necessary paperwork to finalize the agreement between buyer and seller. In addition, all financial issues are settled at closing - closing costs - and once the title is successfully transferred, the necessary documents are prepared, signed, and filed with local authorities.

### **What are closing costs?**

Closing costs are all costs required to close the real estate transaction. They can include (but are not limited to) surveying fees, property taxes, title insurance, attorney fees, agent fees, points, loan origination fees, primary mortgage insurance (PMI), and the balance of your down payment. Prior to closing you should review your final closing disclosure, closing statement or HUD-1 Statement (whichever is in use) to ensure that all the calculations are correct and that you have been given all the credit for deposits and other agreed upon buyer and seller credits. Also recheck all lender, title, and escrow fees to make sure they are accurate.

### **Where will the Closing take place and how long will it last?**

The Closing is generally held at the Title Company and usually lasts around 30 minutes for sellers and 60-90 minutes for buyers. During the Closing, Buyers and Sellers sign the documents required to complete the transaction. Documents include the Settlement Statement, Deed, Note, Deed of Trust, as well as many Lender required documents. Contact your loan officer if you would like to review the documents prior to closing.

### **Why does your lender require title insurance during refinancing?**

From the lender's standpoint, a refinanced mortgage is actually a brand new mortgage - complete with the same risks that may have been present originally. During the refinance process, your original mortgage is paid off - and your existing lender's title insurance policy is rendered null and void. However, if you purchased an owner's policy of title insurance at your original closing - that policy will remain in effect as long as you or your heirs own the property.

### **What if I need to use a Power of Attorney?**

The Title Company and lender must approve the Power of Attorney prior to preparing the documents. The original Power of Attorney must be delivered to the Title Company, so it can be recorded in the Real Property Records. On the day of closing, the Title Company will contact you to verify you are alive and well and have not revoked your Power of Attorney.

### **How soon is the Closing Figure available, and May I bring cash to the Closing?**

The Closure Disclosure form is provided 3 days before the closing for review. The title company will notify you or your agent of the funds needed. The options for bringing money to the closing are funds wired directly to the title company or a cashiers check with limitations.

### **What is funding and when do I get my money?**

Funding takes place after the Buyer and Seller execute the required documents. Certain documents are faxed or emailed to the Lender for review and approval. The Lender's approval is received in the form of a "Funding Number" which must be written on the Lender's Check.