

A title search

This is a detailed look

at the property's historical records.

A title search has 2 goals:

- It checks the seller's right to transfer ownership.
- It looks for any burdens or restrictions on the property, such as claims or errors.

Based on the results of the search,

the title insurance company will usually issue a commitment to insure (a "binder"). It includes:

- a summary of the condition of the title, including title defects and liens
 - conditions to be met in order to insure the transaction
 - an agreement to issue a title insurance policy upon payment of the premium.
- You should get a copy of the binder so you can meet all conditions before the closing.



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The closing

You receive ownership of the property.

Also, your coverage begins.

Understand closing costs.

These usually add up to 3% or more of the purchase price. Depending on state and local laws, you may have to pay:

- title costs (fees for the title search and the lender's and owner's title insurance)
- settlement fees (fees for the lender's agent)
- loan charges, including origination, appraisal and survey fees
- taxes and government fees.

Review the HUD-1 Settlement Statement before closing. This provides a breakdown of all closing costs.

Check your title insurance policy.

Do this before you close. Make sure:

- all information (names, description of property) is right
- figures are correct, as previously agreed.



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Costs are usually low.

You pay a one-time premium.

This is based on the price of your property. Costs vary. Check with your lender, attorney or title company for costs in your area.

Learn about ways to save.

- Compare rates of different companies.
- Ask about reissue policies based on the previous owner's insurance.
- Ask to have the insurer remove exceptions.
- Ask about simultaneous policies issued by the same insurer to the buyer when the lender's policy is issued.

Know your rights!

You have the right to choose your title insurance company. Also, it's illegal for sellers:

- and brokers to receive "kickbacks" (commissions) for referring home buyers to specific title insurance companies
- to require you to consult a particular insurance company (unless they're paying for the policy).



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Claims are rare.

A lot will be done if a claim is made against you.

Notify the title insurance company.

Do this in writing right away! Include copies of all related letters and documents with the letter.

The company will take action to resolve the matter.

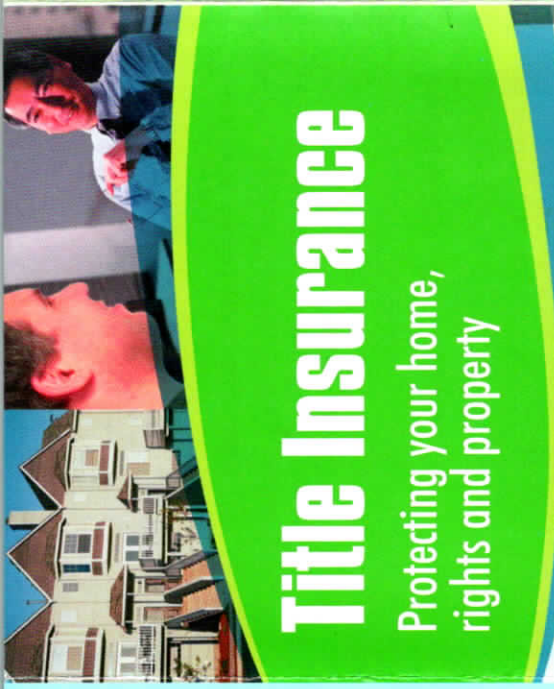
It will:

- work with the other party to settle the claim
- satisfy any covered claim for which it is responsible
- defend your title in court, if needed
- pay the legal costs for defending the title.



For a small price, title insurance protects you against almost any title problem!

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Title Insurance

Protecting your home,
rights and property



What is title insurance?

It's protection against problems that could come up when buying property.

When you buy a home,

you are given the "title" to the property. But sometimes there's a mistake or a dispute in a prior deed, will or mortgage. This may give someone else a legal claim against your property!

There are 2 types

of title insurance.

- A "loan policy," or a "lender's policy," covers the outstanding balance on the mortgage for the lender, but does not protect you.
- An "owner's policy" gives you peace of mind and maximum protection in case there's a claim against your home.



Title insurance can save money, time, trouble—even your home!



What risks are covered?

Coverage typically protects against 5 "hidden" risks.

These include:

- **errors** in deeds, mortgages and public records
- **liens** (claims), such as unpaid taxes, that become a new owner's responsibility
- **claims to ownership**, such as a claim to "marital interest" by the spouse of a former owner
- **invalid deeds**, such as a sale by a previous seller who did not own the property
- **lack of access**, such as having to cross someone else's property to get to your own property.

Your policy may not cover some risks.

These may include:

- **standard exclusions**, such as a limitation on land use
- **special exceptions**, such as legal obligations and "restrictive covenants" that limit certain uses of your property.

Your insurance company may be able to remove some exclusions or exceptions. Or you may be able to buy extended coverage.