

Apex Answers

12 Common Questions about Title Insurance

1. How does title insurance protect my interests?

Title insurance protects you by verifying that a home-seller truly has legal claim to a property. The policy safeguards your expected rights once you own the property, such as your ability to occupy and use the home as you see fit. It will also ensure that you are not held accountable for any existing liens on the property, provided that they are public record. Lastly, a title search validates your right to sell the property at any point as collateral for your loan. In sum, title insurance protects against loss—financial, functional or otherwise.

2. What is a title search?

A title search is the process of uncovering all public records about the rights to a specific piece of property and land. This process usually includes an on-site search, technical review, inspection analysis, and a final issuance of insurance. During these steps, a title officer will search for information about the property, names associated with the property, and tax records related to the property.

3. Do I need both a lenders and an owners policy?

A lenders policy, which covers the loan amount in the case of property loss, is always required to get a mortgage. An owners policy, however, may not be required by all mortgage companies—but the overwhelming majority of homebuyers opt for the additional coverage that an owner's policy offers. Without it, you will lack coverage for payment of legal expenses or other losses in the event of a problem. Additionally, having an owners policy allows you to obtain a discounted rate on a new lenders policy when refinancing—and that alone can cover a good portion of the cost.

4. What are some common title problems or claims?

Fraud and forgery, conflicting wills, missing heirs, previously unknown tax liens, and mistakes in legal documents are just some of the issues that could spell disaster for your new property purchase without title insurance. With it, they're covered.

5. What is NOT covered by title insurance?

Title insurance typically does not cover items that are not shown in public records, such as easements or rights of way (i.e. a community driveway), zoning and building restrictions, and other legal actions that are pending against the property. Ask your insurer for specifics regarding what isn't covered under your policy.

6. Are title insurance policy prices regulated?

In many states, prices are regulated. For instance, in MD the premiums charged by insurance companies must be approved by the Maryland Insurance Administration; however, document preparation fees and courier fees are not regulated. For that reason, it may benefit you to get quotes from multiple insurance companies by inquiring specifically about what fees will be charged and whether they can be waived.

7. Who pays for title insurance?

Title insurance is paid for in a one-time installment at the closing of your loan. In the majority of states, the buyer pays for title insurance. In some states, such as Florida, the seller will cover the Owners Policy.

8. Do I need title insurance for a newly built home?

Yes: in the case of a new build, a title search is still needed to reveal any problems that may have occurred with the previous owners of the land. It uncovers existing liens that can be caused by builders failing to pay subcontractors and includes an official survey of your land.

9. If I'm refinancing, do I still need title insurance?

Yes: a lenders policy is required to obtain a new loan, and since refinancing originates a new loan, you do still need it. However, you will not need to purchase a new owners policy if you are refinancing.

10. What types of titles can I hold?

You may hold a sole-ownership or co-ownership title. As the names imply, a sole-ownership title is held by one individual, and in the instance that the title-holder is married and seeks sole-ownership, the spouse must relinquish all right to the property. Co-ownership, on the other hand, can be held by two people exclusively (known as community property) or more than two individuals (via joint tenancy).

11. How do I file a claim?

If you have a concern about your rights as a title-holder, you should contact your insurance company promptly to notify them about your situation. All notices of a potential claim should include the property address, a description of your concern, and any related documents. Ask your title company for their specific requirements.

12. How long will the policy protect me?

A title insurance policy covers your interests in the property for the lifetime of your ownership.

