

Owner's Title Insurance: Understand the Costs & Benefits before the Closing

Scene: The buyers, sellers, representing agents, lenders and closers are sitting around the closing table to transfer ownership of a home. At some point during closing

Closer: "Do you buyers wish to purchase a owner's tile policy?"

Buyer: "What is it?"

Closer: "blah blah blah...."

Buyer: "How much is it?"

Closer: "More than you think!"

Start thinking about the Owners Title Insurance Policy before you come to closing. It is a decision that one should not weigh based solely on the price you hear or how the closer describes it.

Owners Title Insurance vs Lender's Title Insurance - When you take out a loan, the lender will require that you pay for a Lender's Title Policy. The lender's policy protects their money against title problems that may arise. **It does not protect your investment!** The lender will be protected for the amount of loan due him. You need to be protected for the total value of your property.

Title insurance works the opposite of your health or home insurance, which pays for loss or injury occurring after the effective date. Title insurance pays for events which occurred before the policy's effective date. It is the best protection you can have against any claims that may arise out of the past.

There are matters that could have occurred in the past, such as a forgery, or a signature by an incompetent person, clerical errors, incorrect marital status, undisclosed heirs, improper interpretation of wills, signing by anyone without authority, a minor's signing, or any possible claims made by third parties against the title, all of which could make title to the property unmarketable.

Owner's Title Policy does not come cheaply. This one-time cost will depend on various factors such as mortgage amount, combining owners & lenders policies, Insurance company, etc. One can start by simply asking about it.

Title insurance is protection that you can't afford not to have. The chances are that you will never have to file a claim, but in the event that you do, you will be glad that you have this valuable insurance. The cost of title insurance is minimal when you consider the protection it provides. Decide before you sit at the closing table.



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