



## FAQS ON TITLE INSURANCE FOR HOMEBUYERS

For most of us, a home is the largest investment we'll make in our lives. To buy with confidence, get owner's title insurance. It's the smart way to protect your property from legal claims. To help you understand how owner's title insurance works, here are answers to some common questions.

### What is title?

Title is your right to own or use your property. Title also establishes any limitations on those rights.

### What is a title search?

A title search is an early step in the home buying process to uncover issues that could limit your rights to the property. If a title issue is discovered, most often we will take care of it without you even knowing. After the title search is complete, we will provide you a title insurance policy.

### What is title insurance?

If you're buying a home, title insurance is a policy that protects both your investment and property rights. There are two different types of title insurance: an owner's policy and a lender's policy. An owner's policy is the best way to protect your property rights for as long as you own the property. A lender's policy is usually required by the lender and only protects the lender's financial interests in your property for the life of the loan.

### Why should I purchase owner's title insurance?

Owner's title insurance protects your investment in your property from certain future legal claims regarding ownership of your property. For a one-time fee, you and your heirs\* receive coverage for as long as you own your home. The owner's policy also covers potential legal fees and court costs for settling claims covered by your policy.

### What does owner's title insurance cover?

Sometimes undiscoverable defects can come up after the title search. Under an owner's title insurance policy, you are protected against certain undiscovered errors in the title. Title issues include unknown:

- Outstanding mortgages (Deeds of Trust) and judgments, or a lien against the property because the seller has not paid his taxes;
- Pending legal action against the property that could affect you;
- Unknown heir of a previous owner who is claiming ownership of the property;

\*For these and other transfer issues, please contact us to discuss those details. This is general information only. Contact us for any specific information needed for your real estate transaction. For legal or tax advice, please contact your attorney and/or accountant.



Unforeseeable title claims include:

- Forgery: making a false document
  - For example, the seller misrepresents the identity of the person who sold the property.
- Fraud: deception to achieve unfair gain
  - For example, someone steals your identity and either sells your house without your knowledge or consent, or takes out a second mortgage (Deed of Trust) on the property and walks away with the money.
- Clerical error: inconsistent paperwork and historical records
  - For example, an unforeseeable discrepancy in the property or fence line can cause confusion in ownership rights.

### **What does owner's title insurance cost?**

The one-time payment for owner's title insurance is low relative to the value of your home. A typical title insurance policy costs around 0.5% of the home's purchase price. Please contact our office for a quote.

### **How long am I covered?**

Your owner's insurance policy lasts for as long as you or your heirs\* own your property. Your life will change over time, but your peace of mind never will.

### **What happens at closing?**

Closing is the final step in completing the home buying transaction. It is the process that allows the transfer of ownership to occur. After "settlement," you get the keys to your home!

### **Where can I get more information?**

Please call us. We have convenient locations throughout the Colorado High Country and can handle your business across the entire state. You can find a local office on our homepage at [www.titlecorockies.com](http://www.titlecorockies.com).

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