



TITLE INSURANCE FAQs

What is a Title?

A title is the evidence, of right, that a person has to the ownership and possession of land. It is possible that someone other than the owner has a legal right to the property. If that right can be established, this person can claim the property or make demands on the owner as to its use.

What is Title Insurance?

While the functions of most other forms of insurance is risk assumption of unforeseen future events (such as accidents or death), the primary purpose of title insurance is to eliminate risks and prevent losses caused by defects in title arising out of events that have happened in the past. To achieve this goal, title insurers perform an extensive search of the public records to determine whether there are any adverse claims to the subject real estate.

Why do I need Title Insurance?

Title insurance is a means of protecting yourself from financial loss in the event that problems develop regarding the rights to ownership of your property. There may be hidden title defects that even the most careful title search will not reveal. In addition to protection from financial loss, title insurance pays the cost of defending against any covered claim.

What can make a Title defective?

Any number of problems that remain undisclosed after even the most meticulous search of public records can make a title defective. These hidden "defects" are dangerous indeed because you may not learn of them for many months or years. Yet without title insurance, they could force you to spend substantial sums on a legal defense, and still result in the loss of your property.

The Lender already requires Title Insurance, why do I need another policy?

There are two types of Title Insurance. Your lender likely will require that you purchase a Lenders Policy. This policy insures that the financial institution has a valid, enforceable lien on the property in the amount of the mortgage loan.

An Owners Policy on the other hand is designed to protect you from title defects that existed prior to the issue date of your policy. Title issues, such as improper estate proceedings or pending legal action, could put your equity at serious risk. If a valid claim is filed, in addition to financial loss up to the purchase price of the property (face amount of the policy), plus your owners title policy covers the full cost of any legal defense of your title.

How is the cost of Title Insurance calculated?

The one-time premium is directly related to the value of your home; paid when you purchase your home. Yet it continues to provide complete coverage for as long as you or your heirs own the property.

What is Owners Extended Coverage (OEC)?

An OEC policy may be purchased for less than \$100. This will protect you from loss related to unrecorded easements, unpaid taxes, survey issues, unrecorded mechanics liens, the "gap" (between effective date and recording date), assessments, encumbrances and defects.

When should I look into purchasing Title Insurance?

Call Title Company of the Rockies as soon as you and your lender are ready to move forward or you and your seller sign the sales contract. With a brief summary of the details, our team of title experts will begin a search of the public records and issue a preliminary title commitment. Because there are a number of steps we must take to make certain that we know all we can about your title, it is wise to move forward with your title search as soon as possible.

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT YOUR SETTLEMENT AGENT.

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