

Why Do I Need Title Insurance?

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Real Estate has always been considered an individual's most valuable asset. For most people, it is the most expensive and important investment they will make in their lives. When you purchase a home or other real estate, what you actually acquire is title to the property rather than the land itself. Your title encompasses ownership, as well as use and possession of the land. However, title to property may be limited by rights and claims asserted by others.

Most lenders require mortgage title insurance as security for their investment in real estate, just as they require fire insurance and other types of coverage as investor protection. Title insuring begins with a search of title records for matters affecting the title to the real estate concerned. The examination of evidence from a search is intended to fully report all material objections to the title.

Some examples of what is considered a cloud on the title would be:

Outstanding mortgages, judgments and tax liens; Deeds, wills and trusts that contain improper vestings, incorrect names; easements, and incorrect notary acknowledgments. Through the search and examination, title problems like these are disclosed so they can be cleared up whenever possible.

Despite the dedication that goes into a search, hidden defects can emerge after completion of a real estate purchase, causing an unpleasant and costly surprise. A forged deed that transfers no title to real estate, previously undisclosed heirs with claims against the property and mistakes in the public records are a few of the examples. Thanks to title insurance, homebuyers can enjoy protection against many title claims and potential losses. In most instances, the seller of the property pays for the buyers' title insurance in order to provide a clear title to the property.