



### ✓ What is title?

Title refers to the rights obtained when property is deeded or conveyed to you, which includes your rights to own, use and sell the property. When you buy a home, the deed from the seller conveys the title to you.

### ✓ What is title insurance?

There are two types of title insurance policies – an owner's policy and a lender's policy.

An **owner's policy** of title insurance protects your rights as the homeowner, generally for as long as you or your heirs have an interest in the property.

A **lender's policy** of title insurance (sometimes called a loan policy) protects the lender's interest in the property during the term of the loan. It's usually required by the lender for all mortgage loans.

## Have additional questions?

Contact your sales rep to learn more about title insurance.



**Chuck Barredo**  
*Director of Business Development*  
**East Coast Abstract, Inc.**  
(516) 680-3208 (516) 794-9100  
chuck@eca-abstract.com

©2024 First American Financial Corporation and/or its affiliates. All rights reserved. NYSE: FAF  
24 AGENCY 0310



# Frequently asked questions about title insurance.



### ✔ What does title insurance cover?

The process of insuring a transaction begins with a title search to discover and address potential title issues. If any title defects are not discovered in this process, the job of title insurance is to provide coverage for losses due to the risk of uncertainty inherent in any chain of title. For a one-time premium, your title insurer will issue an owner's policy protecting against covered losses.

### ✔ Why should I get an owner's title policy?

Your home may be new to you, but every property has a history. In some cases, that history may include issues that, if not identified and addressed, can be used to challenge your property ownership rights.

You don't want a problem that occurred long before you bought your property to deprive you of ownership or your right to use or sell it. And you don't want to pay the potentially high cost of defending your property rights in court.

### ✔ What are some issues that could arise?

Potential title issues include a range of possibilities, including forgery, illegal deeds, a deed executed under duress, an unknown spouse's interest, an error by a clerk in the county recorder's office, an undiscovered will, unknown liens, or even a misapplied tax payment. These and other common title issues are often covered by an owner's policy of title insurance.

### ✔ Is purchase the only way a title is transferred?

No. Title can also be transferred from one person to another in other ways besides a sale. For example, title may automatically transfer to a spouse or other heirs upon an owner's death or divorce settlement.

### ✔ What is a lien and how can they impact my property ownership rights?

A lien is a legal right of a creditor in a piece of property to secure an obligation, usually the payment of a debt. Lien creditors could include mortgage lenders, a government taxing authority, or someone who has obtained a money judgment in a lawsuit against a property owner. If these creditors are not paid, the lien gives them the right to foreclose or force a sale of the property to satisfy the unpaid debt.

In some states, certain types of liens may attach to title even before they've been publicly recorded. A good example is a mechanic's lien, which can be enforceable even if it didn't appear in public records.

These kinds of unknown or "hidden" liens are a common title issue that can impact your right to use your property. Prior owners of a property may not have been meticulous bookkeepers – or bill payers.

Persons who supplied materials or labor could place liens on your property for unpaid debts belonging to the previous owner, even after you've closed on the purchase. This is an especially worrisome issue with distressed properties.

### ✔ How much does title insurance cost?

Because it is a highly regulated industry, title insurance policy types and costs will vary from state to state.

In many states, the Department of Insurance can provide more information on pricing regulations. In general, an owner's policy price is based on the purchase amount of the home.

Unlike other types of insurance, the purchase of an owner's title insurance policy is a one-time event. There are no future premiums to pay as long as you or your heirs hold an interest in the property.

### ✔ What is an attorney opinion letter?

Attorney opinion letters have been promoted as a cheaper alternative to title insurance, however, they carry considerably more risk for a home buyer than a traditional title insurance policy.

Unlike title insurance, attorney opinion letters typically don't include what's known as "duty to defend." This means if title issues arise, such as liens, fraudulent deeds, improperly recorded documents, unknown heirs, or other scenarios that would require legal representation, you could end up paying thousands of dollars in legal fees to protect your ownership rights.

With title insurance, a relatively low, one-time investment provides protection from covered title issues for as long as you own your home – and the coverage includes the duty to defend, meaning the title insurer will hire lawyers and pay your defense costs should a covered title problem arise.

### ✔ What does a title insurer do before insuring a title insurance policy?

When you purchase title insurance, title professionals will conduct a public records search to identify and remedy, if possible, any issues or "clouds," so a policy of title insurance can be issued to protect your right to own your property. A title search is typically performed by a title professional, such as an abstractor or attorney, and is a complex process, one that few homeowners recognize at the time they purchase their home.

An in-depth title search is generally comprised of a thorough examination of public records, usually starting at the local courthouse or recorder's office. The title search helps establish a chain of title, which is the record of everyone that has held title to, or owned, a home or other specific property over time. Each change in ownership from one owner to the next is a separate "link" in the chain, from the past up to the present day.