



What is title insurance?

Title insurance is a policy issued by a title insurance company that provides you legal and financial protection against hidden risks unknown at the time of the property purchase. Any hidden risks (e.g., forged or missing documents, mistakes in recording legal documents, and liens for unpaid estate, inheritance, income, or gift taxes) could potentially lead to loss of title to the property and a significant financial loss.

Title insurance will pay for defending you against any lawsuits attacking the title as insured, and will either clear up title problems or pay the insured's losses. For a one-time fee, a buyer's title insurance policy remains in effect as long as the insured, or the insured's heirs, retain an interest in the property, or have any obligations under a warranty in any conveyance of it.

Why do I need title insurance?

To protect possibly the most important investment you'll ever make - the investment in real estate.

A lender will go to great lengths to minimize the risk of lending money for the purchase of real estate. First, credit is checked as an indication of the borrower's ability to repay the loan. Then, the lender seeks assurance that the quality of the title to the property to be acquired and which will be pledged as security for the loan is satisfactory.

The lender does this by obtaining a loan policy of title insurance. The loan policy protects the lender against loss due to unknown title defects and any other hidden risks. You will have to pay for the lender's policy during the close of escrow. This will be one of the conditions the lender will stipulate to give you the loan.

However, the loan policy only protects the lender's interest. It does not protect you, the buyer and borrower. That is why a real estate buyer needs a title insurance policy, which can be issued at the same time as the loan policy. In fact, most title insurance companies that also handle escrows will require the buyer to obtain an owner's policy. The buyer can go elsewhere to try to avoid obtaining an owner's policy, but it is highly inadvisable.

14750 Main Street, Suite B, Upper Marlboro, MD 20772

P: 301.574.4333 F: 301.574.4334

Acting as an appointed Agent of First American Title Insurance Company



CHOICE SETTLEMENT GROUP, LLC

Without a title insurance policy, you may not be fully protected against errors in public records, hidden defects not disclosed by the public records, or mistakes in examination of the title of your new property. As a result, you may be held fully accountable for any prior liens, judgments or claims brought against your new property. However, your policy insures that if such an occasion arises, you will be defended free of charge against all covered claims and paid up to the amount of the policy to settle valid claims.

How can there be a problem if the title has been searched and a policy issued?

Title insurance is issued after a careful examination of copies of the public records. But even the most thorough search cannot absolutely assure that no title hazards are present, despite the knowledge and experience of professional title examiners. In addition to matters shown by public records, other title problems may exist that cannot be disclosed in a search. It's the risk of these unknown problems that necessitate title insurance.

What does title insurance protect against?

Here are just a few of the most common hidden risks that can cause loss of title or create an encumbrance on title:

- False impersonation of the true owner of the property
- Forged deeds, releases or wills
- Undisclosed or missing heirs Instruments executed under invalid or expired power of attorney
- Mistakes in recording legal documents
- Misinterpretations of wills
- Deeds by persons of unsound mind
- Deeds by minors
- Deeds by persons supposedly single, but in fact married
- Liens for unpaid estate, inheritance, income or gift taxes
- Fraud

14750 Main Street, Suite B, Upper Marlboro, MD 20772

P: 301.574.4333 F: 301.574.4334

Acting as an appointed Agent of First American Title Insurance Company