



# Buying a Home?

## What is Title Insurance and Why You Need It



### What will an Owners Policy cost?

The cost of a title policy is based on the loan amount or the value of the property. The cost of the Lenders Policy is typically included in your closing cost. If you purchase an Owners Policy simultaneously, a discounted rate may be offered. This one time fee protects your ownership rights as long as you or your heirs retain an interest in the property.

### Important Distinctions

#### Lenders Policy

- Protects the lender only

#### Owners Policy

- Protects the owners
- Coverage as long as you or your heirs retain an interest in the property
- Economical, one time fee

**Congratulations!** You are about to buy a home. It is a large investment, maybe even your largest. You want to protect your home and your investment. Title Insurance will help you do just that. Most lenders will require a Lenders Policy to protect **their** interest in the property. This policy assists in assuring the lender that it has a valid enforceable mortgage on the property.

### If my lender has Title Insurance, Why do I need an Owners Policy?

Great question! If circumstances arise that a mortgage is placed in jeopardy, the lender may file a claim. The Lenders Policy only protects the lender's interest in the property and not yours. One of the many tasks that the closing attorney performs for the purchase of your home is a review of the title to the property. The review is based on a title search of the property and provides a timeline of past ownership. Title issues and defects are disclosed by this search.

**Title Insurance defends or covers losses if the right of ownership is questioned.**

### Do I really need Title Insurance?

YES, YES, YES. Without an Owners Policy, you risk great financial loss. Since most title issues surface when selling property, you risk the transaction and could be held solely responsible for, all fees involved in solving the problem, whether you sell the property then or not. Why risk it? You'll rest easier with an owners policy.

### If a Title Search uncovers issues & defects, why would I need an Owners Policy?

Unfortunately, some defects are very difficult or impossible to uncover and can affect the title to your home, even after the most careful title search of the property is performed. Even a small issue can be financially devastating. An Owners Policy protects you when these situations occur.

### How does an Owners Policy protect me?

An Owners Policy is designed to protect you if title issues arise, providing coverage from basic risks such as:

- Incorrect indexing and clerical errors in recording
- Undisclosed or missing heirs
- Forgery and fraud
- Unpaid Water Bills and Taxes
- Defects, liens or encumbrances on the title
- Defectively discharged mortgage
- Unmarketability of the title
- Lack of a right of access to and from your land
- Unresolved Homesteads
- Unresolved probate claims
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The best, most comprehensive coverage is a Homeowners Policy.

If a covered defect is discovered, the title insurance company will investigate and defend against claims against the title to your property and will either clear up title problems or pay your losses.

**What else should I know?**

- An Owners Policy automatically increases by 10% per year for 5 years, up to 150% of the original policy amount to protect you from inflation
- Purchasing an Owners Policy simultaneously with a Loan Policy at the time of closing results in a cost savings
- Title Insurance is NOT available through your local insurance agent
- A Homeowners Policy offers you expanded coverage

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If you think you have a claim under Chicago or Commonwealth title policy, you should contact the attorney who issued your policy, or our office below.

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All policies of Title Insurance are subject to exceptions, exclusions, conditions and stipulations. In some cases, certain deductibles and ceilings of liability may arise.