



## **TITLE INSURANCE**

*Courtesy of The Security Guarantee Corporation of Baltimore*

### **What is title insurance?**

Title insurance is an insurance policy that protects the insured against loss of his/her interest in the property due to legal defects in title, which problems were present prior to you taking title to the property.

### **Why is title insurance important?**

The purchase of a home or other real estate is generally a significant investment. Having title insurance can save you money, time, trouble and even your home, if a problem arises in your title.

### **What types of coverage are offered?**

There are two types of coverage offered. The first is a Lender's Title Policy – this type of policy protects the Lender involved in the transaction (the Mortgage Company) to the extent of its loan. It does not protect the homeowners' interest. This policy is generally a condition of your mortgage. The second type of coverage is the Owner's Title Policy. This policy is optional, and it offers the homeowners protection against loss of their interest in the property due to a title problem arising, subject to the terms of the policy.

### **What is a title search?**

A title search is a review of the land, court and municipal records pertaining to the property. In conducting a title search, the settlement agent/attorney will confirm that you are purchasing the property from the legal owner, that after settlement all prior liens will be satisfied, that the property will pass free of legal attachments, that the title to the property will be marketable, and that there are no burdens or restrictions affecting the property.

### **If a title search is conducted, why is title insurance still important?**

Although a title search is conducted, the search could still fail to detect some problems that may affect your interest in the property. Some examples of these types of problems are:

- 1) Incorrect information in the public records,
- 2) Unsatisfied liens against the property,
- 3) Claims to ownership from an undisclosed interest (i.e.: missing heirs, marital interests,
- 4) Invalid deeds and/or transfers,
- 5) Fraud or forgeries.



## The Premier Policy

Security Title is pleased to offer homeowners the advantages of added title protection with our Premier Policy. This policy looks into the future to safeguard your home with enhanced coverages that, in various geographical regions, were previously unavailable. If the region in which the property is located demands it, a small additional premium may apply. Regardless, you'll appreciate the enhanced protection the Premier Policy offers homeowners.

You'll never know what the future holds, but with Security Title's Premier Policy you're protected from many situations that could lead to financial loss. Unlike traditional title insurance products that insure back in time, this policy provides comprehensive coverage for specific occurrences that take place in the future. Just look below and see for yourself:

Insurance for increased value caused by inflation, improvements and neighborhood development (10% increase in the original amount, per year, for five years)

Insurance against violations of building restrictions by existing structures which lead to forced removal

Insurance against actual loss arising from the prohibition of the premises being used as a single family dwelling due to zoning laws.

Insurance against subsequently arising mechanic's liens on work performed prior to the date of policy



**COMPARISON OF COVERAGES / OWNER POLICIES**  
**ALTA STANDARD POLICY vs. THE EAGLE POLICY**  
*Courtesy of First American Title Insurance Company*

COVERAGE	ALTA	EAGLE
Someone else owns an interest in your title	○	○
Improperly executed documents	○	○
Pre-policy forgery, fraud and duress	○	○
Defective recording of any document	○	○
Undisclosed restrictive covenants	○	○
A lien on your title because of a security deed, judgment, tax or special assessment, or a charge by a homeowner's association	○	○
Unmarketable title	○	○
Mechanics' liens		○
Forced removal of a structure which encroaches onto another property or an easement		○
Forced removal of structure which violates existing zoning law*		○
Forced removal of a structure because of a violation of a restriction in Schedule B		○
Inability to use land for single-family dwelling because of a violation of a zoning ordinance or restriction in Schedule B		○
Pays rent for substitute land or facilities		○
Rights under unrecorded leases		○
Plain language		○
Unrecorded easements		○
Building permit violations *		○
Compliance with Subdivision Map Act, if any *		○
Restrictive covenant violations		○
Map, if any, not consistent with legal description		○
Covenant violation resulting in reversion		○
Enhanced marketability		○
Violations of building setbacks		○
Discriminatory covenants		○
Actual vehicular and pedestrian access based on a legal right		○
Boundary walls and fence encroachment *		○
Post-policy forgery		○
Post-policy encroachment		○
Post-policy damage from minerals or water extraction		○
Post-policy Living Trust coverage for trustee		○
Post-policy Living Trust coverage for beneficiary		○
Post-policy automatic increase in value up to 150%		○
Post-policy adverse possession		○
Post-policy cloud on title		○
Post-policy prescriptive easement		○
Insurance coverage <b>forever</b>		○