



FREQUENTLY ASKED QUESTIONS

TITLE INSURANCE

WHAT IS TITLE INSURANCE?

Title insurance is a policy that protects the insured from a financial loss related to the ownership of a property. A property's title relates to all your legal rights to own, use and dispose of real estate, both land and improvements. Title insurance protects against any possibility of future loss in the event legal rights of ownership to a specific property are challenged. The two most common types of title insurance are: an owner's title policy and loan policy.

WHAT TYPES OF POLICIES ARE AVAILABLE?

The two most common types of title insurance are: an owner's title policy and loan policy. The loan policy protects a lender in a real estate transaction; they have first lien position and good equitable title up to the amount of the value of this policy, which is typically the loan amount. A loan policy is effective for as long as the mortgage is in force. An owner's policy protects the buyer or new owner of the property against loss up to the full value of their policy, which is typically the amount of their investment or the sales price of the property. The owner's policy is effective for as long as the owner or their heirs own the property. An owner's policy in Texas is optional and may be refused but not advisable. All prudent lenders will require a loan policy.

WHO NEEDS TITLE INSURANCE?

Buyers, lenders and sellers all benefit from title insurance. Lenders usually require a loan policy to protect their loan. An owner's title policy protects the new owner's interest in the real estate purchased from claims, and your title insurer may assume responsibility for all legal expenses covered related to the defense of your property, if a challenge is ever made. The seller benefits from the policy because it represents a guarantee that the property being sold is free of any liens and encumbrances.