

WHAT IS TITLE INSURANCE

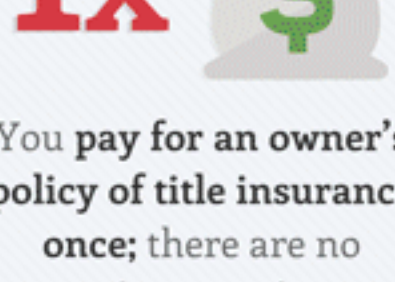


Title insurance protects you against covered title defects, like a previous owner's debt, liens and other claims of ownership that may have been instituted prior to purchasing your home.

HOW IS IT DIFFERENT THAN TRADITIONAL INSURANCE POLICIES?



Title insurance **protects against past problems**, whereas other insurances, like property and casualty, deal with future risk.



You **pay for an owner's policy of title insurance once**; there are no ongoing premiums.

WHAT TYPES OF POLICIES?



LOAN POLICY

Policy required by a mortgage lender to protect against title defects that could affect the lien of the lender's mortgage.



OWNER'S POLICY

A separate policy that helps protect you against title defects that could affect your ownership rights.

HOW LONG DOES THE POLICY LAST?



LOAN POLICY

Effective for the life of the loan.



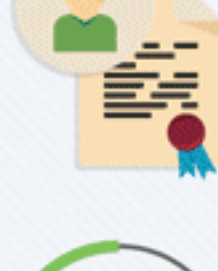
OWNER'S POLICY

Lasts as long as you or your heirs retain an interest in the property or remain liable for any warranties on the title.

WHAT DOES IT COST?



Average cost of a loan policy: **\$3.50 per \$1,000 of loan.***



Average cost of owner's policy: **\$2.50 per \$1,000 of purchase price.***



The price can vary depending on property value and location, along with state regulations.



87% of purchase transactions included both a lender and an owner's policy in 2013.

MOST COMMON TITLE CLAIMS



LIENS

Typically relate to the priority of a mortgage lien in relation to other such liens on the property and other types of liens attached to the property such as state or federal tax liens or other court judgments

BASIC RISKS

Fraud, forgery, undisclosed heirs, marital rights, recorded notices of zoning violations or building permit violations, and improper legal description of property

ENCUMBRANCES

Defects in insured title otherwise not excepted in the policy, such as missing interests, easements, or other recorded rights

ESCROW AND CLOSING ERRORS

Problems due to improper execution of closing documents, improper recordings, and certain agent defalcations.



75% to 85% of claims are made within the **first six years** of the life of the policy.

TITLE INSURANCE PROCESS

TITLE SEARCH AND EXAM



A search of public records helps title professionals find possible title defects (also called clouds) and associated risks.



On average, a title policy order closes approximately **55 to 70 days** after the order is opened.



SEARCH

- County, state and federal records
- Court records



EXAMINE

- Identify title defects
- Issue preliminary title report/title commitment
- Identify curative actions

Title defects are found in **25% of real estate transactions**.



An in-depth title search can uncover many unknown title clouds, including:



LIENS

UNPAID DEBTS

EASEMENTS

ASSESSMENTS

JUDGMENTS

LAND ENCROACHMENTS

TAXES & LEVIES



CLOSE

- Issue title policy
- Disburse funds
- Transfer ownership



CURE

- Remove "clouds"
- Settle existing liens
- Resolve title issues



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*as of 2013