

## **Chapter 17**

### **The Purchase of Title Insurance**

Owning real estate is one of the most valuable freedoms granted by our nation, but it comes with risks. Title insurance can serve to eliminate those risks and the losses associated with events that may have occurred long before the buyer bought the property. It is therefore strongly recommended that any purchaser of real property obtain a suitable form of title insurance.

#### **What is Title Insurance?**

Title insurance has the primary function of insuring owners in the event of an actual defect in the chain of ownership and protects against hidden hazards that may threaten an owner's financial investment in the property. Title insurance typically insures and provides ownership protection for all that is contained within your property's survey, which is a detailed map that contains the boundaries of your property as well as its landmarks.

If you are obtaining a mortgage, it should be noted that your lender will require you to purchase a title insurance Loan Policy for itself in addition to your Owner's Policy of title insurance. The differences between these two policies of title insurance are explained below.

#### **The Owner's Policy**

An Owner's Policy of title insurance is a contractual obligation whereby the title company agrees under the terms of a contract called a "title policy" to indemnify an owner due to the loss of an ownership interest in the property. An Owner's Policy is purchased at closing