



Chicago Title

MICHIGAN

Frequently Asked Questions About Title Insurance

It is a fact that the largest one-time investment that most people will ever make is the purchase of a home. Even so, many people are not aware of the potential pitfalls associated with this monumental decision.

Q1: What Is Title Insurance?

A title insurance policy protects the insured against loss or damage sustained by a defect in what's known as *the chain of title* (described in Q4 below). Some of the most common hidden risks that can create a loss include:

- False impersonation of the true owner of the property
- Forged deeds, releases or wills
- Undisclosed or missing heirs
- Instruments executed under invalid or expired power(s) of attorney
- Mistakes in recording legal documents
- Misinterpretations of wills
- Deeds by persons of unsound mind
- Deeds by minors
- Deeds by persons supposedly single, but in fact married
- Liens for unpaid estate, inheritance, income or gift taxes
- Fraud

Obtaining an Owner's Policy of Title Insurance will provide protection to the buyer from these and other risks as outlined in the policy. The one-time premium that is paid for this coverage will provide peace of mind for many years to follow.

Q2: Why Do I Need Title Insurance?

Without an Owner's Policy of Title Insurance, you may be leaving home ownership vulnerable to terrible risk. For example, what would you do if someone knocked on your door one day and said, "I am the real owner of this property, and the person you bought it from was a fraud."? Without title insurance, you would be left to hire your own attorney in hopes that he or she could prove that your title was clear. You would stand to not only be left paying a hefty legal bill, but you may also lose your home.



Q3: Doesn't My Mortgage Bank Take Care of This?

A Lender's Policy of Title Insurance is required by the bank to protect their interest in your property. However, that Lender's Policy does not protect you, the owner. Without an Owner's Policy, you may find the title company paying a claim to your lender, but your interest may be left uncovered. Make certain that you protect your interest in your property by obtaining an Owner's Policy of Title Insurance.

Q4: What Does A Title Insurance Company Do?

When a contract to purchase property has been executed, the title insurance company will research the *chain of title* to the land to discover:

- Who the owner is,
- How title is vested in the owner,
- What outstanding liens are attached to the property,
- What other encumbrances (easements, etc.) exist on the property.

This research will help to identify any problems before you complete the purchase of the property. It is the goal of the title insurance company to identify and bring to resolution any problems that may exist before the purchase is final. Once the policy has been issued, the insured is protected from any covered risks that may arise prior to the date of the policy.

Q5: What If A Claim Is Made?

If anyone makes a claim of interest to your property that falls within the effective date and coverage of your title policy, you simply contact your title insurance company and they will take it from there. The title company will assess the risk, hire an attorney to defend your interest if necessary, and seek effective remedy of the claim. You can rely on your title company to work with you to resolve your claim quickly and in the most suitable manner.