



The Title Process

The title insurance industry works hard to protect the American dream of homeownership by insuring title for America's homebuyers and lenders. To help you gain a better understanding of our role in protecting your interests, here are brief descriptions of the four essential services performed during the title process:

1. Title Search and Examination

When buying a home, prospective homebuyers or their real estate professionals consult a title company or agent. These highly trained title professionals conduct a search and examination of the public records to find and isolate title risks. As the records are generally indexed by name and not by property location, finding pertinent information can be tedious. The title industry invests millions of dollars to duplicate records and index them into geographic title databases to make the process more efficient.

- ❁ **Records that may be searched:** tax, court judgment, deed, encumbrance, mortgage, federal and state records.
- ❁ **Real property characteristics that may be evaluated:** zoning, location, survey issues, improvement type, etc.
- ❁ **Potential risks that may be identified:** prior defective deeds, unreleased mortgages, mechanics' liens, tax judgments, outstanding

child support liens, access rights, utility and right-of-way easements, water and sewer assessments, improperly indexed documents, pending bankruptcy or divorce proceedings, boundary disputes, probate issues, forgery, fraud, undisclosed or missing heirs, etc.

2. Curative Actions

During the title search and examination, title defects are found in more than one out of three residential real estate transactions. These defects are remedied or otherwise addressed by title professionals as a matter of course – a process that can be difficult, as well as costly. Homebuyers are often unaware that this important work is being done behind the scenes to protect their interests. The corrective work performed by title professionals also helps to uphold the integrity of the land records upon which our property registration system is built.

3. Settlement / Closing Services

We are committed to consistently providing a level of service that prepares you for this final step in your real estate transaction. Although the closing/settlement process can vary from state to state, it is the culmination of more than 100 time-consuming steps, including the following:

- ❖ Coordinate communication between all parties in the transaction
- ❖ Review lender documents, contracts and escrow agreements
- ❖ Prepare HUD-1 Settlement Statement
- ❖ Pay off prior liens and mortgages
- ❖ Gather parties to review and finalize documents
- ❖ Disburse funds to appropriate parties
- ❖ Submit pertinent documents for proper recordation
- ❖ And many more additional tasks

4. The Title Insurance Policy

When a property's title is determined to be in insurable condition, the transaction can close and a policy of title insurance can be issued. Two categories of residential title insurance are available:

- ❖ **An Owner's Policy** protects the homeowner from enumerated title risks for as long as the policyholder owns the property. In many states, various extended policies and expanded coverages are offered to address title issues that may arise after the policy date, including false claims by identity thieves, neighbors building encroachments, and more.
- ❖ **A Loan Policy** is generally required by lenders (and purchasers of loans in the secondary mortgage market) to provide insurance that their mortgage liens are valid and enforceable, and that they have priority over other liens or claims. In many states, extended policies and expanded coverages are also available to lenders.

