

What is Title Insurance?

By Lisa Hall

Your Professional Real Estate Expert



Many people wonder about and ask me about Title Insurance. Many wonder what it is and why they need to pay for this insurance when closing a purchase of a home.

Let's first understand what title insurance is. Title insurance assures property owners – and mortgage companies – that they are acquiring marketable title. In other words, they are insuring that you do indeed own the property. Unlike casualty insurance policies, which insure against future events, title insurance is designed to eliminate loss (risks) caused by defects that were already in existence at the time the policy was issued. Title insurance makes sure that any “clouds” or past problems are cleared from title before you close on the property.

In California most real estate transactions are closed with the issuance of a title insurance policy in favor of the owner, lender or both. Title insurance protects the buyer from hidden hazards that may be attached to the property. Forgeries, faulty surveys, hidden liens, unrecorded deeds, and the false representation of a married person as being single are just a few examples of factors that may “cloud” title to real property ownership.

When you go into contract to purchase a home a preliminary title report will be ordered. Your agent should review the report when it arrives with particular attention to certain areas:

- 1) Verify that the same names are on title as are on the purchase contract
- 2) Verify that the plat map and legal description match property address.
- 3) Review critical items such as easements, transfer taxes, and CC&R's (Covenant, Codes, and Restrictions).

Together your Realtor and your title company will work together to make sure that your title is clear before you close!

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