

## Title Insurance FAQs

### What is Title Insurance?

- Title insurance protects real estate owners and lenders against any property, or financial loss. These losses could occur due to liens, encumbrances, or defects in the title to the property. Unlike other insurances that protect you against future events, title insurance protects you against events that happened in the past. **Title insurance is a one-time fee that is paid at settlement, and there are no annual or monthly premiums.** When buying a home, there may be many hidden claims and/or defects on the property that can affect your ownership interest. These defects can include another person claiming ownership, improperly recorded documents, fraud, forgery, liens, encroachments, or easements. Without title insurance, your ownership and financial stake in your home may be in jeopardy.

### Why do I need Title Insurance?

- Imagine you make the financial investment to purchase a home, only to find out there are a multitude of title problems. These problems can range from debts or obligations on your home that were created by previous owners, to a third party claiming ownership. Title insurance is designed to assure you, and your lender, are free and clear from these problems. Title insurance is extremely valuable, because it covers you for the entirety of your ownership of the property and is only a one-time fee paid at closing.

### What is a Lender's vs. Owner's Policy?

- Lenders, such as mortgage companies, require title insurance because it protects their financial investment in the property. Lenders need to be sure that if the property were to go into foreclosure, they would be in first lien position. This means that the lender is first in line to be paid back on the foreclosed loan. For this reason, the lender's policy specifically covers the amount of the loan that they issued. A Lender's policy is mandatory when receiving a mortgage.
- An owner's policy, on the other hand, covers the entire value of the property. An owner's policy provides coverage as long as the owner, or their heirs, hold the title to the property.

### Do I need Title Insurance when re-financing?

- A lender's title insurance policy ends when the mortgage has been paid off, whether it's with the homeowner's own money, or through a refinance. Since you are opening a new loan when you refinance, the lender will require a new title insurance policy.



### When to order Title Insurance?

- As soon as you and your seller have signed the agreement of sale, call TS Executive to get the title insurance process started. We will then order a search on the property and begin working up a title commitment. Since there are many steps that we take at TS Executive to thoroughly investigate your title, it is helpful to get the process started as soon as the agreement of sale has been signed. We take pride in never delaying a settlement.

### What is a 1031 Exchange?

- A 1031 exchange (Or “Like-Kind” exchange) allows a seller to sell a property and re-invest the proceeds into a new property and by doing so, defer all capital gain taxes. To qualify under a 1031 exchange it’s necessary that the replacement property be received and exchange completed no later than 180 days after the sale of the exchanged property.

### What do I need to bring to closing?

- A Valid ID is required for closing. Some lenders require multiple forms of ID so make sure to check with your lender prior to closing. Also, consult with TS Executive Abstract and your lender about your cash to close. TS Executive does not accept personal checks. Money must be in form of a certified check or wire prior to settlement.