

How Title Insurance Works

Protect the Largest Investment of Your Life

When any improved real estate is purchased, it's natural to obtain coverage to cover loss from fire, storm damage or theft. Some purchasers of residential property will purchase mortgage like insurance to pay the debt in full in the event of the mortgager's death. Neither of these policies cover one of the most important aspects on any real estate purchase – the rights of clear and equitable title and ownership of the property.

An owner's policy is the only way to ensure complete title protection for new owners and their investment. The professionals at First Western are here to answer all your questions about title insurance. We're happy to help.

Why is Title Insurance Important?

A property's title relates to all your legal rights to own, use and dispose of real estate, both land and improvements. Title insurance protects against any possibility of future loss in the event legal rights of ownership to a specific property is challenged. The two most common types of title insurance are an owner's title policy and loan policy. The loan policy protects a lender in a real estate transaction; they have first lien position and good

equitable title up to the amount of the value of this policy, which is typically the loan amount. An owner's policy protects the buyer or new owner of the property against loss up to the full value of their policy, which is typically the amount of their investment or the sales price of the property. An owner's policy in Texas is optional and may be refused. All prudent lenders will require a loan policy.

Coverage Provided by an Owner's Policy

An owner's title policy protects the new owner's interest in the real estate purchased from claims, such as:

- Mistakes in recording of legal documents
- Undisclosed or unknown heirs
- Prior owners who did not divest themselves properly
- Fraudulent or forged deeds and wills
- Deeds by minors or by persons of unsound mind
- Deeds executed under an invalid or expired power of attorney
- Liens for unpaid taxes or homeowner association dues and assessments
- Unreleased liens

For an affordable, one-time premium paid at closing, your title insurer will assume responsibility for all legal expenses related to the defense of your property, if a challenge is ever made. If the defense is unsuccessful, then the title insurer will reimburse the insured up to the face value of the policy.

Peace of Mind for Minimum Cost

An owner's title policy of insurance from First Western Title provides peace of mind for the largest investment of most buyer's life. Please allow us to help by answering or providing expert service from our experienced title professionals.

Title Search vs Title Examination

Don't be fooled. Some industry investors mistakenly believe a title search will be able to offer the protection needed for purchasing real estate. In reality, a title search is simply an abstract or a report/record of all county recordings filed against a particular property. It's a piece of paper that offers a list of recorded documents and that is all. Title companies will offer a "Search" or "Abstract Certificate" at a very reasonable cost, but it's not insurance.

Once title is requested, a title company will take the search documents and examine each and every one to determine if all prior owners properly divested themselves of title, all prior liens were released from the property, any documents are filed against a particular name or names, etc. The compilation of the resulting title commitment will explain all findings and necessary requirements to cure any title issues so that good and equitable title may be delivered via the title policy.

Length of Coverage

A loan policy is effective for as long as the mortgage is in force. The owner's policy is effective for as long as the owner or their heirs own the property.

This is intended for informational purposes only and does not constitute a policy. Consult your attorney regarding your legal rights.

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