

The Role of the Title Company in Real Estate Transactions



A HOME designed to meet the individual needs of the family is a wonderful experience, but before the buyers actually get their dream home, they will run headlong into dozens of home ownership details.

The purchase of a home may prove to be the largest single financial investment many people may make in their lifetime; therefore, the importance of fully protecting such an investment cannot be overstressed.

A basic home ownership protection essential to the security of the home is safe, sound, reliable title insurance.

But what is title insurance?

It is the application of the principles of insurance to risks which are present in all real estate transactions. These risks are divided into two main categories: Hidden hazards which cannot be detected in the examination of title and human errors which will always be with us.

Examples of hidden hazards are FORGERY, INCOMPETENCE OF GRANTOR OR MORTGATOR, UNKNOWN HEIRS, FRAUD, IMPERSONATION, etc.

Title insurance differs from other types of insurance by protecting against future losses rising out of events that have happened in the past. There are no annual premiums. One premium, based on the amount of the sale or mortgage, is paid when the policy is issued and is good for the life of the policy.

A mortgage policy, insuring the lender, stays in effect until the loan is paid off. An owner's policy, insuring the buyer, is good as long as the owner or owner's heirs own the property.

Initially, the title company will search and examine the public land records to investigate information surrounding title to the property.

The facts revealed by the search will determine:

- That the seller is, in fact, the legal owner of the property.
- That the "estate" or degree of ownership being sold is currently and accurately vested in the seller.
- The presence of any unsatisfied mortgages; judgments or similar liens which must be satisfied before "clear title" can be conveyed.
- Existing restrictions, easements, rights of way or other rights granted to others who are not owners which may limit the right of ownership.
- The status of property taxes and other public or private assessments.

These matters will be reflected in a preliminary report or "title commitment". The preliminary report is issued to the mortgage lender or purchaser before the closing.

As you can see, the title company is constantly involved in the sales transaction almost from the time the purchase agreement is signed, through and beyond the closing. Working mostly behind the scenes, but always in close coordination with agents, escrow, lenders, and legal counsel, Ticor Title strives to carry out this complex procedure in an efficient and friendly manner.

Title insurance protection gives a homeowner peace of mind by protecting the security of the home and the safety of the investment.

