



TITLE MARK



TITLE INSURANCE 101

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WHAT IS A TITLE?

- “Title” refers to the legal right to own, possess, use, control and dispose of real property.
- It represents a bundle of rights associated with the ownership of real estate, and these rights are transferable from one party to another.



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WHY TITLE INSURANCE?

- **Risk Mitigation:** Protects against past errors or undiscovered issues in the title, such as forgery, incorrect records, and undisclosed heirs, ensuring peace of mind for the buyer and lender.
- **One-Time Cost:** Unlike other types of insurance that require ongoing premiums, title insurance is purchased with a one-time payment at closing, offering long-term protection without recurring costs.
- **Compensation for Loss:** If a claim arises, title insurance pays legal costs or provides financial compensation up to the amount of the policy, protecting the owner's or lender's investment.
- **Lender Requirement:** Most lenders require a lender's title insurance policy as part of the financing process to protect their interest in the property.



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WHAT DOES TITLE INSURANCE COVER?

Examples:

- **Title Defects:** Protects against defects in the title that were unknown at the time of purchase, including incorrect signatures, misinterpretation of wills, and clerical errors in public records.
- **Forgery and Fraud:** Covers losses due to forged documents, fraudulent transfers, and impersonation that affect property ownership.
- **Encumbrances and Liens:** Offers protection against existing encumbrances or liens on the property not discovered during the title search, such as unpaid taxes, judgments, or mortgages.
- **Easements and Restrictions:** Covers issues related to undisclosed or disputed easements and restrictions that could limit the use of the property or reduce its value.



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WHAT DOES TITLE INSURANCE COVER?

Examples (Continued):

- **Boundary and Survey Disputes:** Provides protection against disputes over property boundaries or survey errors that affect property ownership.
- **Rights of Access:** Ensures the property owner has legal access to the property, protecting against the loss of access rights.
- **Competing Claims of Ownership:** Protects against claims by others claiming ownership or a legal interest in the property, including undisclosed heirs.
- **Marital Liens:** Provides protection from inheriting unknown marital liens reserved within divorce decrees.



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WHAT IS A TITLE SEARCH AND EXAMINATION?

- A title search is a compilation of the historical records concerning a property, including deeds, mortgages, court records, and other documents.
- Title examination involves a detailed review public records to trace the chain of title, checking for errors, liens, easements, encumbrances, judgments, restrictions, and other matters affecting the property's title.
- Title examination includes verification of legal access to the property.



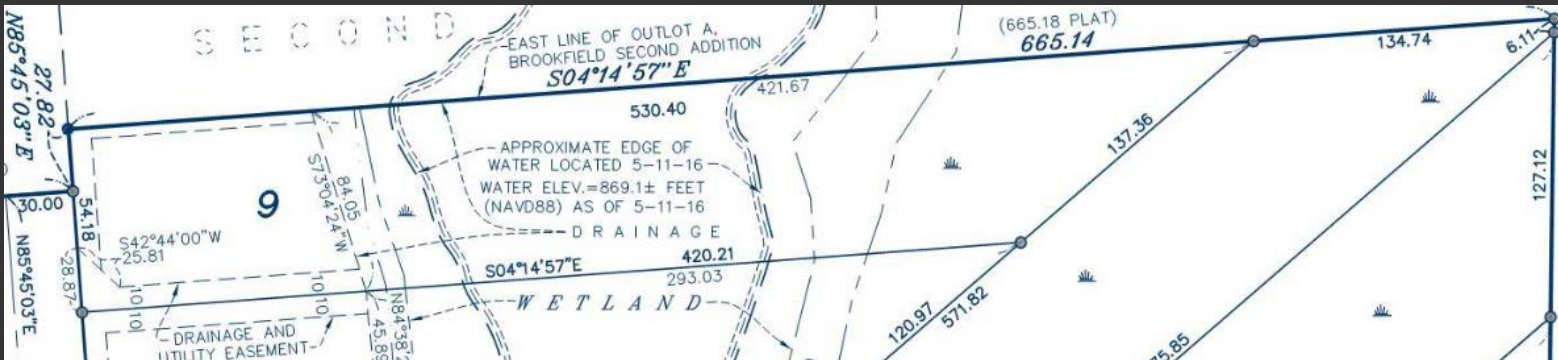
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SURVEYS

- A survey is a detailed drawing showing the boundaries and dimensions of a property, including its structures, and often its topography, easements, and encroachments.
- Surveys are used to verify and visualize property lines, understand the physical characteristics of the property, and identify any discrepancies or problems with the property's boundaries or legal description.



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TITLE INSURANCE COSTS

- **Premium Rates:** Each underwriter in Minnesota is required to file their schedule of rates with the Minnesota Department of Commerce.
- **Rate Quotes:** For instant cost quotes, including premium and fee costs, visit <https://titlemark.titlecapture.com/>
- **Who Pays?** The prevailing practice in Minnesota is that the buyer purchases the Owner's and Lender's Policies.



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OWNER'S POLICY

- **Purpose:** Protects the property owner from financial loss due to past defects in title, including forgery, fraud, errors in public records, undisclosed heirs, and other title defects that could affect ownership rights.
- **Beneficiary:** Directly benefits the property owner.
- **Coverage Amount:** The coverage amount typically equals the purchase price of the property, providing protection up to the full value of the owner's investment.
- **Term:** The policy lasts the entire duration of the purchaser's ownership of the property.
- **Optional Endorsements:** Owners can add endorsements to the policy for additional protection against specific risks, such as zoning issues.
- **Transferability:** Does not transfer to new owners. A new policy would be required if the property is sold.



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LENDER'S POLICY

- **Purpose:** Ensures that the lender has a valid, enforceable lien on the property and protects against financial loss due to title defects or legal claims against the property.
- **Beneficiary:** Exclusively protects the lender's interests; the borrower does not receive any direct benefit from this policy.
- **Coverage Amount:** The coverage amount is typically the amount of the loan. However, this could differ for construction loans.
- **Optional Endorsements:** Lenders can add endorsements to the policy for certain circumstances, such as with ARMs or where zoning is important.
- **Transferability:** The title insurance policy is tied to the loan, so if a loan is assigned to a different lender, the title policy transfers to that new lender. As long as the loan remains unchanged (other than the assignment), the protection continues. If the loan is refinanced or a new loan is taken out against the property, a new policy is required.

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