



# Why There Are Two Types of Title Policies

Nearly every sale of a residential property involves the purchase of two policies of title insurance - an Owner's Policy and a Loan Policy.

## For the Seller

The purchase of a home is one of the most expensive and important purchases most of us ever make. A buyer will want to make sure that the property is indeed yours to sell and that there are no unknown liens, claims, or encumbrances held against the property. A buyer will choose your property for its features and amenities. If the purchase agreement provides for the seller to select the title company or attorney, providing the buyer with an Owner's Policy of title insurance can be just as important as the work you put into maintaining and improving your property.

## For the Buyer

For most of us, buying a home requires help with financing the purchase price. Your home loan is secured by the new home you are buying. Your lender will want to make sure that the security for their loan is protected by title insurance and that you are the owner of record. The Loan Policy of title insurance insures your lender that their lien has priority over other liens not shown in the policy. Many lenders condition their loans upon the purchase of a Loan Policy.

## According to Real Estate Custom and Practice

There is a one-time title insurance premium for the new buyer's Owner's Policy based on the sales price of the property. We search the public records to identify and eliminate title risks. The new buyer's Owner's Policy indemnifies the buyer against loss for title threats undiscovered at time of closing and provides a defense in the event of claims against the title pursuant to the terms of the policy.

In most purchases, the buyer will be responsible for paying the title insurance premium for the Loan Policy on their home loan. This premium is calculated on the loan amount, not the sales price of the property. Because an Owner's Policy is also being purchased, we can give a concurrent rate which results in a significant savings on the Loan Policy. In the simplest terms, an Owner's Policy says to the buyer "you own it". Far into the future, the Owner's Policy will be one of the most enduring benefits of this transaction - for seller and buyer.

