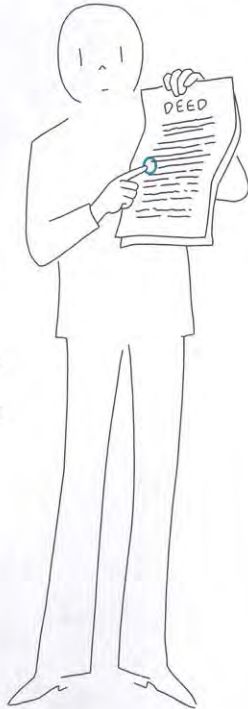


**WHAT IS  
TITLE  
INSURANCE?**

It's protection against loss if a covered defect is found in your title.

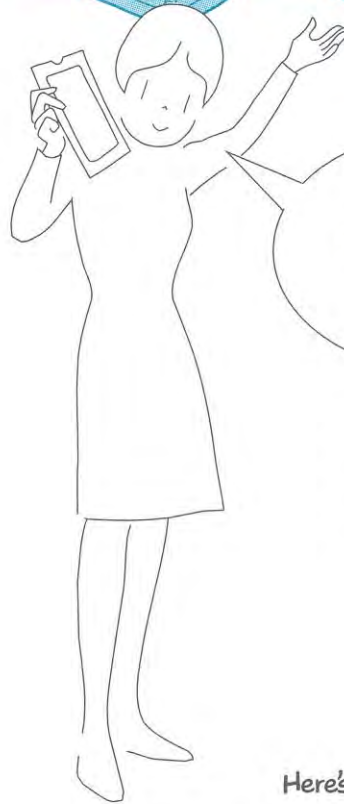
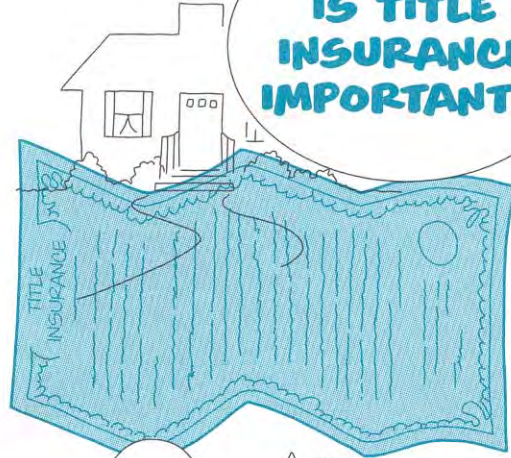


**WHEN YOU BUY A HOME,** you are given a title to the property, which generally means you receive full legal ownership.



**BUT -- SOMETIMES THERE'S A HIDDEN MISTAKE** in a prior deed, will, mortgage, etc., that may give someone else a valid legal claim against your property!

**WHY IS TITLE INSURANCE IMPORTANT?**



Because it provides a "safety fence" around your property.

Having title insurance can save you money, time, trouble — even your home!

Here's how it works...

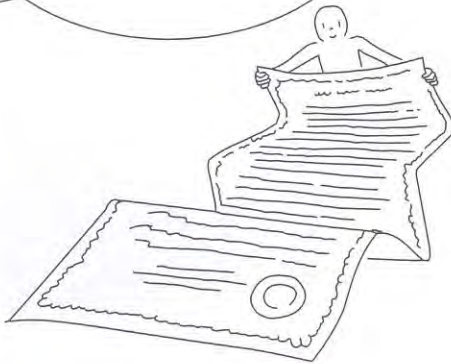


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Price List A

1999 Edition

## WHO IS COVERED BY TITLE INSURANCE?

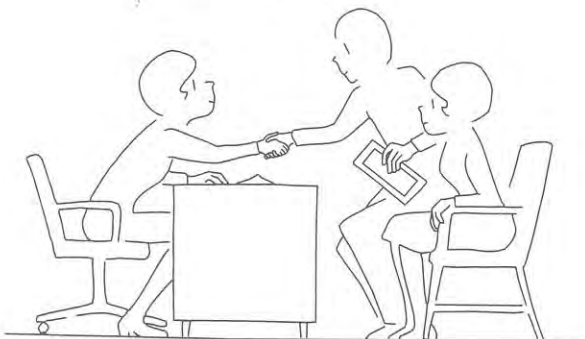


### THE LENDER

When you buy property, you are commonly required to buy title insurance. This covers the outstanding balance on the mortgage for the lender, but does not protect you.

### THE BUYER

When acquiring property, it's a good idea to get your own title insurance policy. It will give you peace of mind and maximum protection in case there's a claim against your home.



## WHAT RISKS ARE COVERED?

That depends on your policy. Coverage typically protects against 4 "hidden risks."

### 1 ERRORS

-- incorrect information in deeds, mortgages, public records, etc., such as wrong names.



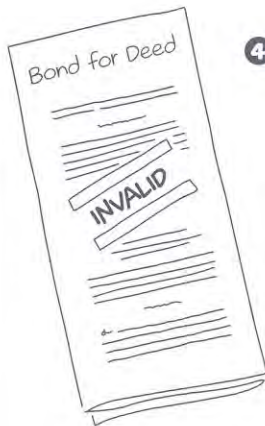
### 2 LIENS

-- claims against the property or the seller that become the new owner's responsibility after the sale. Examples are unpaid mortgages, taxes, sewer and water assessments, bills owed to workers or other creditors, etc.



### 3 CLAIMS TO OWNERSHIP

-- for instance, a claim to "marital interest" by the spouse of a former owner or by a child of a former owner who was not mentioned in his or her parents' wills.



### 4 INVALID DEEDS

-- for example, transfer by a previous seller who did not actually own the property, or by a previous owner who was not mentally competent.

Many of these problems might not be discovered in a routine title search.

## EXCEPTIONS



These risks may not be covered by your title insurance policy.

### STANDARD EXCLUSIONS

often appear as part of the printed form. For example:

- limitations on land use, such as laws against farm animals
- mechanics' liens, such as unpaid construction or repair bills.

### EXCEPTIONS

may also be written into your specific policy, based on defects found in the title search.

For example:

- easements, rights of way, and other legal obligations noted in the deed or in the public records
- "restrictive covenants," agreements limiting certain types of use of your property.



Your insurance company may remove some exceptions if you request it.

# THE TITLE SEARCH

is the first step in obtaining title insurance.

It's a detailed examination of the historical records concerning the property. These include deeds, civil and probate court records, tax records, etc.

The purpose of the title search is:

- **TO VERIFY**  
the seller's right to transfer ownership
- **TO DISCOVER**  
any claims, errors, assessments, debts or other burdens or restrictions on the property.

A title search is carried out by a lawyer, abstractor or a title insurance company.



In some cases, the title searcher prepares an **ABSTRACT** -- a condensed legal history of all transactions affecting the property.

Based on the results of the title search, the title insurance company usually issues a

## COMMITMENT TO INSURE

(also called a "binder"). It includes:

Property \_\_\_\_\_  
Location \_\_\_\_\_  
Buyer \_\_\_\_\_

- **A SUMMARY**  
of the condition of the title, including title defects, liens, etc.
- **CONDITIONS**  
to be met in order to insure the proposed transaction
- **AN AGREEMENT**  
to issue a title insurance policy upon payment of the premium.

LENDER'S COPY

BUYER'S COPY

**THE LENDER** receives a copy of the binder to use until the title insurance policy itself is issued at the closing.

**YOU (THE BUYER)** should arrange to get a copy so you can meet all conditions before the closing.

## WHAT HAPPENS AT THE CLOSING?

Ownership of the property is transferred. Title insurance is issued, and coverage begins.



### THOSE PRESENT AT THE CLOSING

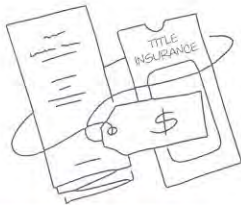
may include you, the seller, the bank's agent, and agents representing you and/or the seller.

### CLOSING COSTS

usually add up to 6% or more of the purchase price. Depending on state and local laws, you may have to pay:

#### TITLE COSTS

-- fees for the title search and the lender's title insurance. Your own title insurance is an additional fee.



#### SETTLEMENT FEES

-- fees for the lender's agent (usually a lawyer or a title or escrow company representative). You may want your own lawyer in addition.



#### LOAN CHARGES

-- including origination, appraisal and survey fees.



#### TAXES AND GOVERNMENT FEES

-- transfer taxes, buyer's share of yearly property taxes.



### BEFORE YOU CLOSE,

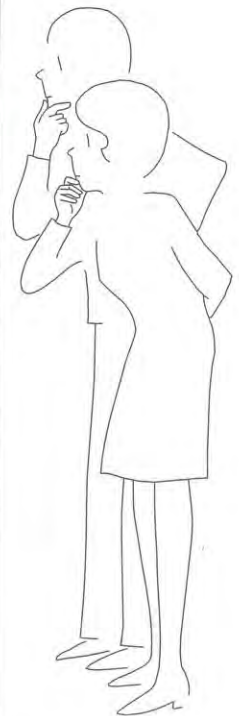
review the HUD-1 Settlement Statement, which provides an itemized list of all closing costs. Be sure you understand them.



### CHECK YOUR TITLE INSURANCE POLICY

and all other documents before you leave the closing.

- NAMES** should be listed, spelled correctly.
- DESCRIPTION OF PROPERTY** should be accurate, legally correct, up-to-date.
- FIGURES** should be correct, as previously agreed.



### THIS IS YOUR CHANCE

to verify fees, check procedures and terms, and ask any questions.



# HOW MUCH DOES TITLE INSURANCE COST?

## YOU PAY A ONE-TIME PREMIUM

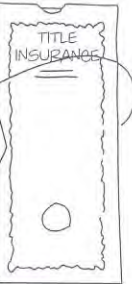
Costs vary from state to state. Check with your lender, attorney or title company for costs in your area.



In some areas, title insurance costs are shared by buyer and seller.

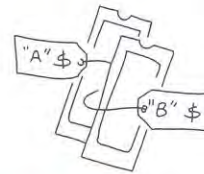


## 4 TIPS for dealing with title insurance



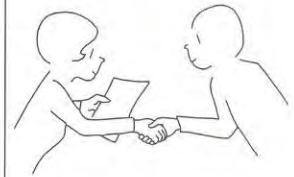
### COMPARE

rates of different title insurance companies.



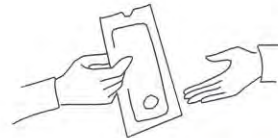
### NEGOTIATE

to have insurer remove exceptions.



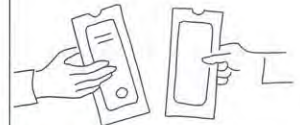
### ASK ABOUT AVAILABILITY OF REISSUE POLICIES

based on previous owner's insurance -- premiums are lower.



### ASK ABOUT SIMULTANEOUS POLICIES

issued by the same insurer to the buyer when lender's policy is issued -- it can save money.



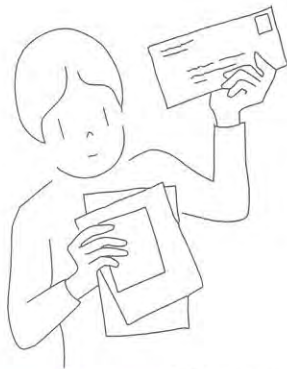
### IT'S ILLEGAL UNDER FEDERAL LAW:

- for sellers and brokers to receive "kickbacks" (commissions) for referring home buyers to title insurance companies
- for any seller to require you to consult a particular insurance company (unless they're paying for the policy).



## CLAIMS ARE RARE

But, if one is made against you:



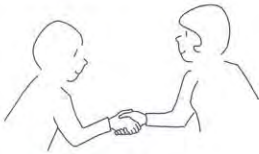
Notify the title insurance company at once, in writing.

Include with the letter a copy of all related letters and documents.

The company will:

### NEGOTIATE

with the other party to settle the claim



### DEFEND

your title in court, if necessary



### SATISFY

any covered claim for which it is responsible



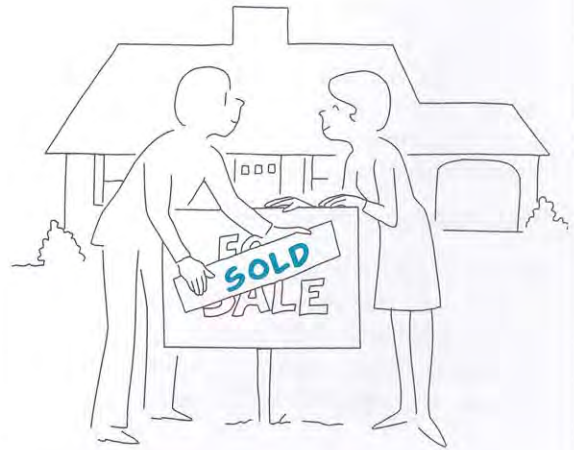
### PAY

legal costs incurred in defending the title.



So...

Title insurance protects you against almost any title problem.



You get a lot of security and peace of mind for a small price!