



New York State Land Title Association, Inc.

Tradition, Excellence, Knowledge and Vision

Title Insurance: Protecting Your Piece of the Planet

In today's active real estate market, there are often many questions surrounding the costs of buying, selling and refinancing a home or property. Whether you are a buyer or seller in a real estate transaction, you may have a number of questions about purchasing Title Insurance. Important questions such as: why is Title Insurance necessary and how does Title Insurance work? New York State Land Title Association, Inc., a non-profit organization dedicated to the education and enrichment of the public, created this brochure to answer your questions about Title Insurance. Detailing the many benefits of Title Insurance, this brochure provides helpful information. Title Insurance provides the necessary protection to assure full ownership and the rights of the buyer, the seller and the lender. Title Insurance protects you, your real estate purchase and your future.

Title Insurance protects your piece of the planet.

What is Title Insurance?

Fact: Title Insurance legally protects the lender and/or the buyer against loss arising from disputes over ownership of a property.

What does the Title Insurance policy insure?

Fact: Title Insurance guarantees that a presumed owner of a house is in fact the owner with the right to sell, mortgage or otherwise enter into legal agreements that affect his or her property. Title Insurance further guarantees that a home can be used as collateral for a mortgage loan and that there are no other liens or legal issues that could adversely effect the lenders security. Title Insurance clearly reveals any additional issues which may adversely effect the home and the necessary requirements to resolve them. It is the Title Insurance policy that enables a lender to sell the mortgage to investors who must have a universally accepted assurance against title defects or liens.

How does a Title Insurance company obtain the information to protect your property?

Fact: A Title Insurance policy recognizes and eliminates risks prior to closing, rather than assuming risk on a probability or actuarial basis. Title Insurance companies perform a thorough and detailed search in the public records to establish rights to and in the property and to limit possible claims against it.

What happens if there is a claim?

Fact: Title Insurance is the vehicle through which real estate transactions are completed with protection from legal and financial claims of others. Title Insurance assures that any claim will be defended and, if warranted, paid. There are multitudes of title problems that could occur from human error to outright fraud. Fortunately, there is a universally accepted means of dealing with title issues.

How much does Title Insurance cost?

Fact: An outstanding advantage to purchasing Title Insurance is the excellent ratio of value per dollar invested:

1. There is a one-time payment, usually equivalent to the cost of a homeowners policy.
2. The policy is in effect for the lifetime of one's ownership of the property.
3. The policy a lender receives to protect its interests is also a one-time expense.
4. When you refinance, an update of the lender's policy is required; and the cost of reissuing the policy can be greatly reduced, up to 50%.

Are there additional or hidden costs of purchasing Title Insurance?

Fact: No. All costs to the lender and buyer are detailed at your closing. It is often mistakenly assumed that a Title Insurance company earns a large fee. Depending on local practice, the Title company may be responsible for collecting the many additional closing fees and disbursing them. It is common for a Title company to collect fees such as: transfer taxes, assessments, special fees, and real estate taxes in order to facilitate the payments to the governmental and municipal entities on your behalf. This service eliminates the risk of a lien or impediment to title.

How much value does Title Insurance add to the marketplace?

Fact: Title Insurance is a significant part of the economic well-being of the marketplace. The fuel that sustains the refinance engine is the buying and selling of mortgages on the open market. That market, along with government-sponsored entities such as Fannie Mae and Freddie Mac, provides liquidity for the real estate finance industry. Title Insurance enables lenders to convert long-term assets into cash, which can be reinvested into new mortgages.

There are tens of millions of mortgages outstanding totaling trillions of dollars. These mortgages can be safely traded, invested and reinvested again because Title Insurance offers a secure and reliable protection against claims of others or outright defects in ownership or undisclosed liens. With a Title Insurance policy in place, an investor is freed from these concerns and the transfer of interest is easily completed.

Who benefits from Title Insurance?

Fact: Title Insurance, in one form or another, has been in existence for well over 100 years. Title Insurance protects homeowners and lenders alike. Title Insurance facilitates the easy transfer of ownership interests and provides assurance in the mortgage transfer industry. Title Insurance holds all components of the real estate transaction firmly together in an industry that is socially significant and economically substantial.

Wherever your property is located . . . Title Insurance protects your piece of the planet.

The New York State Land Title Association, Inc. advances the interest of all those involved in abstracting, examining, or insuring title to real estate. The New York State Land Title Association, formed in 1921, is a statewide association that encourages networking and information among its members. The association is dedicated to the education and enrichment of its members and consumers. The association membership includes Title Insurance companies licensed in New York State, abstract companies, Title Insurance agents, law firms, individual attorneys, surveyors, and others actively engaged in real estate matters.

The New York State Land Title Association is certified by the New York State Continuing Legal Education Board as an Accredited Provider of continuing legal education in the State of New York.



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