



## TITLE INSURANCE EXPLAINED

There are two types of title insurance: a lender's policy and an owner's policy.

A lender's policy insures the lender against loss due to legal issues in the future. An owner's policy protects the homeowner against any future loss from hidden hazards, which are title issues not disclosed during a thorough search and review of public records. An owner's policy will protect your investment by defending you against a claim made against the title of your property without any expense to you.

With both a lender's policy and the optional owner's policy, you pay a small one-time premium. During the title process, the title company conducts research on who legally owns a property and if there are any unpaid tax liens or judgments against the property.

In some states, lawyers are used for title searches and escrows instead of title companies.

The cost of title insurance varies depending on the area of the country, purchase price of the house and the coverage by the policy.

Who pays for title insurance (buyer or seller) depends on the local practice and in some areas the buyer and seller may split the cost or otherwise negotiate who pays for all or a portion of the insurance. While a Realtor may often make a recommendation on which title company to use, the buyer or seller can stipulate a specific title company.

The title insurance is paid one time at the close of escrow. If you refinance, a new title policy will be required, but may be available at a lower "refinance rate."



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