



# What is Title Insurance?

## A Basic Overview

### You Pay for What You Get.

Your purchase of a title insurance policy is required by your lending institution. Today's nationwide mortgage practices have made title insurance a necessary part of the residential closing and escrow process in most cases in Ohio.

Basically, there are two types of title insurance policies: one to protect the Lender, and one to protect the Owner of the home. You are required to provide a policy that protects the lender; you are encouraged to purchase an additional policy which will protect you.

### What Do the Policies Cover?\*

The *Lender's Policy* insures the lender that it has a valid first mortgage on your property.

The *Owner's Policy* insures you that you have good title to your own property.

If it is later found that there is "something wrong" with your title, the lender is protected under its insurance policy. If you have not purchased a title insurance policy of your own, you will have no protection and you may sustain a serious loss.

### What is Meant by "something wrong?"

"Something wrong" is usually taken to mean "title defects." The examination of a land title and the real estate closing are complicated functions. Unfortunately problems may exist, and honest human error is always a possibility. These problems can be "title defects." When you buy a house you get more than a building. You get title to a piece of Mother Earth – a piece that others have owned before you. You want to know that you now own a clear title and you want to know if that title is subject to anything, such as building restrictions or drainage easements. The owner's title insurance policy is designed for that purpose.

The premiums for title insurance policies are enforced by the State of Ohio Department of Insurance and are competitive with all title insurance companies statewide. This flyer has been written in nontechnical language; language contained in title insurance policies is controlling.



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## What Will It Cost Me?

If you do buy an Owner's Policy, the Lender's Policy (which you must buy), which normally would cost \$4.00 per \$1,000 (for the first \$150,000) of the mortgage loan, will cost only an additional \$100.00. This premium is paid only once – at closing – and the Owner's Policy will protect your investment as long as you and your heirs own the home.

## Sample Computation for Ohio Transactions

If you are buying a home for \$100,000 and are borrowing \$75,000, the cost for each policy, without the other, is as follows:

<b>Cost of purchasing both independently:</b>	<b>\$875.00</b>
\$75,000 Lender's Policy -- \$4.00/\$1,000	\$300.00
\$100,000 Owner's Policy -- \$5.75/\$1,000	\$575.00
<b>Cost of purchasing both at the same time:</b>	<b>\$675.00</b>
\$75,000 Lender's Policy	\$100.00
\$100,000 Owner's Policy -- \$5.75/\$1,000	\$575.00
<b>Total Cost Savings:</b>	<b>\$200.00</b>

\_\_\_\_\_ We wish to purchase an Owner's policy.

Name \_\_\_\_\_

Today's Date \_\_\_\_\_

\_\_\_\_\_ The undersigned acknowledge that they have been advised of the availability of an Owner's Policy of Title Insurance for an additional premium cost and they do not wish to purchase an Owner's Policy.

Name \_\_\_\_\_

Today's Date \_\_\_\_\_

Call your local First American Title Insurance Company representative for more details.



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