



ATTORNEYS AT LAW
HENRY, MCCORD, BEAN, MILLER, GABRIEL & LABAR, P.L.L.C.



WHAT IS TITLE INSURANCE AND ITS BENEFITS?

OVERVIEW

When a piece of real property is financed, purchased or sold, a record of that transaction is generally filed in public archives. In Tennessee, real estate documents are recorded in the office of the Register of Deeds for the county in which the real property is located. Likewise, other events that may affect the ownership of real property are also documented and filed. These may include liens, judgments, court orders, estate documents, easements, etc. When a buyer purchases title insurance the title company searches these records to find (and remedy, if possible) issues that may affect the purchaser's ownership.



By: Richard W. Gabriel

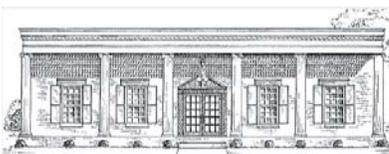
TITLE SEARCH AND EXAM

That's where title insurance differs from traditional insurance models. When you purchase a policy insuring you from matters relating to your car or health, the insurance company assesses the risk of insuring you, and bases its premium on the risk being assumed. With title insurance, the insurer first works to identify the status of ownership, liens and other matters affecting title by collecting documents affecting title from the public records that are statutorily identified for the recording of real estate transactions. This process is called the title search. Once the search is complete, the title insurance underwriter can then determine the insurability of the title and list exceptions from coverage and requirements to insure.

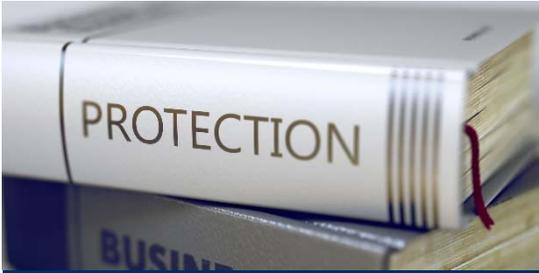


UNDISCOVERED RISKS

Of course, even the most skilled title professionals may not find all title problems. Other risks include matters that are more difficult or nearly impossible to identify in the title search, such as title issues resulting from filing errors, forgeries, fraud, undisclosed heirs, and incompetency and incapacity. That's one reason why your title insurance policy can play a key role in protecting your real estate investment.



CLIENT ALERT



THE PURCHASE OF A HOME OR OTHER REAL ESTATE MAY BE THE LARGEST FINANCIAL INVESTMENT YOU EVER MAKE. TITLE INSURANCE CAN GIVE YOU ADDED PEACE OF MIND IN KNOWING THAT THE TITLE TO YOUR INVESTMENT IS INSURED.

LOAN POLICY

When you purchase a new home or other piece of real property by securing a mortgage, you will usually be required by your lender to purchase a loan policy of title insurance. This policy insures the lender against covered title defects up to the amount of insurance. This coverage in favor of the lender lasts for the life of the loan under limited circumstances stated within the policy.

OWNER'S POLICY

You will also have the option of purchasing an owner's policy of title insurance, which provides insurance directly to the insured owner listed on the policy, and describes the type of real property interest owned. The insurance in both an owner's and a loan policy is subject to the policy provisions, which include the covered risks, exclusions from coverage, the conditions, and the exceptions to title listed on a schedule to the policy.

PREMIUM

You will pay a one-time premium for both the loan policy and the owner's policy at the close of your transaction, based on the total value of your home and the amount of your loan. This is another way in which title insurance differs from other insurance models, where premiums are paid on an ongoing basis. The purchase of a home or other real estate may be the largest financial investment you ever make. Title insurance can give you added piece of mind in knowing that the title to your investment is insured.

OUR SERVICES INCLUDE:

- ✓ TITLE SEARCHES
- ✓ TITLE BINDERS
- ✓ TITLE INSURANCE
- ✓ LOAN CLOSINGS
- ✓ FORECLOSURES
- ✓ DOCUMENT PREPARATION
- ✓ SETTLEMENT
- ✓ TAX CERTIFICATIONS
- ✓ CONTRACT REVIEW
- ✓ DOCUMENT RECORDING



This publication is a service to our clients and friends. It is designed to give only general information on the topic actually covered and is not intended to be a comprehensive summary of recent developments in the law, to treat exhaustively the subjects covered, to provide legal advice, or to render a legal opinion.

Richard W. Gabriel is a named member of Henry, McCord, Bean, Miller, Gabriel & LaBar, P.L.L.C. Rick is in charge of the Firm's title company, Fidelity Title & Escrow Company. He is licensed as a limited insurance representative for the issuance of title insurance in Tennessee. With over 33 years of legal and real estate experience, Rick can advise lenders, builders, developers, buyers and sellers, on all types of real estate and title matters (both residential and commercial).