

What is Title Insurance? What is Escrow?

What is Title?

In Real Estate, title means a Right to Ownership, or a document stating a Right to Ownership.

Title Hazards

Various kinds of claims can “cloud” a title. Some examples are:

1. Relatives or heirs with superseding claims
2. Fraud or misrepresentation
3. Liens
4. Easements
5. IRS Claims

Keeping it safe

The way for you to protect your interest in a Real Estate transaction is obtain the services of a title company.

What will the Title Insurance Company do for me?

Trained personnel will perform a title search to verify ownerships and to identify any possible “clouds” on title. The result will show if the seller has the right to sell, indicated by ownership, and indicated any problems; ie: Liens, etc, that need to be resolved or acknowledged by the buyer before transfer of property.

Title Insurance

Next, the title insurance company will insure the new owner against the possibility of error or forgery in the transfer of tile. This is the transfer of title. This insurance is in effect for the duration of ownership. Title Insurance is paid on e time. Tow separate policies are issued:

Owners Policy – Protects the new owner in any subsequent claims to the property.

Lenders Policy – Protect the lender against loss of unpaid loan balance in the event of a claim.

What is Escrow?

Escrow is a service in which a neutral party handles documents and monies, related to the Real Estate transaction for a fee. In escrow, all parties involved give their instructions to the escrow company which holds all kinds of documents until these instructions are completed.

Why do I need Escrow?

Whether you are the buyer or the seller, you want assurance that no funds or property will exchange hands until all instructions have been followed. Escrow will guarantee this.

The Escrow Instructions

Read the instructions carefully and make sure that they are accurate and completed. Any questions should be directed to the escrow officer. And remember, when you have a legal question, ask an attorney.

It's Time to Close...

When all instructions of all parties to the escrow have been carried out the closing can take place. All funds are collected and all costs are paid. Title is then transferred. If you have any questions on title insurance please contact a title company.