



SAMPLE #1

The Role Of A Title Company

Medium: Blog

Audience: First Time Home Buyers

What would you do in this situation?

You've spent months gathering paperwork to get approved for a mortgage. After weeks of visiting open houses, you've found a house that is a great fit and have finalized the purchase.

While unpacking, you receive a knock at the door from someone who says that the home seller, his former wife, had no right to sell the home and that he is still a true owner of the property – and he wants the home back.

Sounds like a nightmare, right?

So how does one prevent this from happening? That's where a title search and title insurance come into play.

Now I know you may be thinking "ANOTHER type of insurance that I have to pay?" That's understandable, but this integral part of the real estate transaction has benefits that far outweigh the cost that you pay.

Before you close on your home, a title company will be engaged to conduct a title search. That is, a search of public records to ensure that the house's title is free from defects and that the real estate transaction can continue. They search for several things, including deeds, any tax liens, assessments, or anything else that could have an impact on your ownership stake. For a one-time fee (the amount of your title policy insurance premium is set by the state), the company will complete the search and, if no issues are found, will certify that the house is clear to close. If there are issues, they either will work to help rectify the concerns or will inform you so that you can back out of the deal before any contracts are finalized.

Let's revisit the situation from the beginning of this post for a moment.

What happens if the husband wants to regain ownership of the home? If it's determined that he is indeed the true owner, you will either need to convince him to allow you to keep the home or contest it in court – all at your expense.

But if you have title insurance, that's when the title company will jump in. Unlike other types of insurance, title insurance is a one-time payment that's paid up front and covers you as long as you and your heirs have an interest in the home. If you pay and have them complete a title search, they should have left no stone unturned before giving you the green light. So, the title company will act on your behalf to negotiate with the husband or defend your ownership of the home in court. And because you've already paid the premium, there is no additional expense for you.

Aside from the behind the scenes work, title companies are also responsible for coordinating the transfer of ownership from seller to buyer – AKA closing day! During closings, the seller will sign over ownership and provide the team with all associated items, including keys, garage door openers, and any other items needed by the buyer. Then, once the mortgage has funded and received by the title company, the buyer will come in to complete their paperwork, pay any closing costs, and receive the keys to their new home!

What seems like an additional hurdle at the end of your ownership journey is actually a necessary part of the process that ensures that you and your family will be able to enjoy your brand new home for many years to come!