

PROTECT YOUR AMERICAN DREAM: PURCHASE TITLE INSURANCE AND UNDERSTAND YOUR CLOSING

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WASHINGTON--This is the time of year when many Americans begin their financial planning for the new year. As such, the American Land Title Association (ALTA) reminds consumers who are planning to buy a home in 2014 the importance of purchasing an owner's title insurance policy and the importance of understanding the real estate closing process.

Whether a consumer is a first-time homebuyer or a couple downsizing their current home for retirement, an owner's title insurance policy ensures that the title to the property is clear of known liens or encumbrances, such as unpaid mortgages, property taxes or child support. This policy is purchased for a one-time fee at the real estate closing and lasts for as long as the consumer or their heirs have an interest in the property. This policy protects consumers against possible hidden title problems that can include errors or omissions in deeds, mistakes in examining records, forgery and undisclosed heirs.

"An owner's policy provides assurance that your title company will stand behind you — monetarily and with legal defense if needed — if a covered title problem arises after you buy your home," said Michelle Korsmo, chief executive officer of ALTA. "Purchasing a home is often the single largest financial investment a family can make. The extensive work performed by title professionals when searching the public records coupled with an owner's title insurance policy help minimize potential issues that could impede consumers' property rights."

Title insurance industry practices vary due to differences in state law and local real estate custom. Consumers should ask their settlement agent or real estate agent how the title insurance industry operates in your area.

After a consumer has chosen a new home, the countdown for the closing begins. During this time, closing agents orchestrate the real estate closing from start to finish with all the parties involved, including real estate agents, attorneys, loan officers, contractors and government agencies.

"Consumers are more educated shoppers than ever before and shopping for a closing company should be no different," said Korsmo. "Homebuyers should contact the Better Business Bureau or their state insurance department to gather additional information on a prospective closing company."

Depending on where you live, attorneys, escrow agents or title insurance companies can be involved in the real estate closing process. Last month, the Consumer Financial Protection Bureau (CFPB) released new regulations to integrate mortgage disclosures that consumers receive when purchasing a home. The CFPB's goal of the new forms is to help consumers understand their loan options and what they are paying for at the closing table.

"As the independent, third-party at the settlement table, ALTA members hope that these new forms make the home buying process more transparent and provide a better experience throughout the real estate transaction," said Korsmo. "ALTA member companies are committed to helping consumers understand the closing process and the importance of purchasing an owner's title insurance policy."



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