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What is title insurance?

So, you're buying a house. It's an exciting time. It can also be a bit confusing. Things feel like they're happening pretty fast and, often, some important things can go unexplained – like title insurance. Many people don't understand exactly what title insurance is or what it does, even a lot of people that already have it. As a title insurance company, Stewart Title would like to remedy that. So we've put together some basic information for you on title insurance in this flyer.

What is title?

Simply stated, the title to a piece of property is the evidence that the owner is in lawful possession of that property.

What is title insurance?

Title insurance protects real estate owners and lenders against any property loss or damage they might experience because of liens, encumbrances or the defects in the title to the property. Each title insurance policy is subject to specific terms, conditions and exclusions.

How does title insurance differ from other insurance?

Insurance such as car, life, health, etc. protects against potential future events and is paid for with monthly or annual premiums. A title policy insures against events that occurred in the past of the real property and the people who owned it, for a one-time premium paid at the close of the escrow.

What does it cover?

Title insurance protects against claims from defects. Defects are things such as another person claiming an ownership interest, improperly recorded documents, fraud, forgery, liens, encroachments, easements and other items that are specified in the actual policy.

Who needs it?

Purchasers and lenders need title insurance in order to be insured against various possible title defects.

The buyer, seller and lender all benefit from the issuance of title insurance.

How is a title policy created?

After the escrow officer or lender opens the title order, Stewart Title begins a title search. A Preliminary Report is issued to the customer for review and approval. All closing documents are recorded upon escrow's instruction. When recording has been confirmed, demands are paid, funds are disbursed, and the actual title policy is created.

What is escrow?

Escrow refers to the process in which the funds of a transaction (such as the sale of a house) are held by a third party, often the title company or an attorney in the case of real estate, pending the fulfillment of the transaction.

What are the policy types?

A standard policy insures the new owner/homebuyer, and a lender's policy insures the priority of the lender's security interest.

Visit stewart.com for more information about title insurance and to find out why Stewart Title is the right title company for you.

All fees and processes are subject to local real estate practices. For specific information about your transaction, please consult your real estate professional, loan officer or escrow officer.

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What does title insurance protect you from? A lot.

There are few things in life more important than protecting your home. The following matters are examples of why you need a Stewart Title insurance policy. Remember that the best title examination or search cannot protect your equity and home from matters not appearing in the public records. However, a Stewart Title policy* can protect you from:

- Documents executed under false, revoked or expired powers of attorney
- False impersonation of the true land owner
- Undisclosed heirs
- Improperly recorded legal documents
- Prescriptive rights in another not appearing of record and not disclosed by survey
- Failure to include necessary parties to certain judicial proceedings
- Defective acknowledgements due to improper or expired notarization
- Corporate franchise taxes as liens on corporate real estate assets
- Gaps in the chain of title
- Mistakes and omissions resulting in improper abstracting
- Forged deeds, mortgages, wills, releases of mortgages and other instruments
- Deeds by minors
- Deeds which appear absolute, but which are held to be equitable mortgages
- Conveyances by an heir, devisee or survivor of a joint estate who attempts to attain title by ill-gotten means
- Inadequate legal descriptions



- Conveyances by undisclosed divorced spouses
- Duress in execution of wills, deeds and instruments conveying or establishing title
- Issues involving delivery of conveyancing instruments
- Deeds and wills by persons lacking legal capacity
- State inheritance and gift tax liens
- Errors in tax records
- Demolition and substandard building liens
- Administration of estates and probate of wills of missing persons who are presumed deceased
- Issues of rightful possession of the land
- Issues concerning the rightful conveyances by corporate entities
- Deeds and mortgages by foreigners who may lack legal capacity to hold title
- Legal capacity of foreign personal representatives and trustees

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- Issues involving improper marital status
- Improper modification of documents
- Rights of divorced parties
- Conveyances in violation of public policy
- Misinterpretation of wills and ancillary instruments
- Deeds by persons falsely representing their marital status
- Claims by creditors of decedent against property improperly conveyed by heirs and devisees
- Issues concerning unlawful takings by eminent domain or condemnation
- Special tax assessments
- Real estate homestead exceptions
- Forfeitures of real property due to criminal acts
- Issues concerning adoption of children
- Conveyances and proceedings affecting rights of military personnel protected by the Soldiers' and Sailors' Civil Relief Act
- Issues concerning interests noted in financial statements filed under Uniform Commercial Code
- Interests arising by deeds of fictitious parties
- Adverse possession
- Lack of jurisdiction or competency of persons in judicial proceedings
- Community property issues
- Utility easements
- False affidavits of death or heirship
- Intestate estates
- Probate matters
- Federal estate and gift tax liens

*Subject to certain limitations set forth in the policy.

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The lifecycle of an escrow.



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