



Why Two Title Policies Are Required

Nearly every sale of a residential property involves the purchase of two policies of title insurance, an Owners Policy and a Lenders Policy.

FOR THE SELLER

The purchase of a home is one of the most expensive and important purchases most of us ever make. Your buyer will want to make sure that the property is indeed yours to sell and that there are no unknown liens, claims, or encumbrances held against the property. Your buyer chose your property for its features and amenities with an Owners Policy of title insurance from First American, the nation's number one provider, is just as important as the work you put into maintaining and improving your property.



FOR THE BUYER

For most of us, buying a home requires help with financing the purchase price. Your purchase loan is secured by the new home you are buying. Your lender will want to insure that the security for their loan is protected by title insurance and that you are the owner of record. The Lenders Policy of title insurance insures your lender, and any purchasers or assigns of the loan, that its lien has priority over other liens not shown in the policy. Many lenders condition their loans upon the purchase of a Lenders Policy.

ACCORDING TO REAL ESTATE CUSTOM AND PRACTICE

The seller pays a one-time premium for the new buyers' Owners Policy based on the sales price of the property. First American searches the public records to identify and eliminate title risks. The new buyer's policy indemnifies the buyer against loss and provides a defense in the event of claims against the title according to the terms of the policy. For a one time charge, the buyer's policy protects the buyer for as long as the buyer owns the property, and under the Eagle Policy, forever.

You will feel confident that your buyer is receiving quality protection. You should also feel secure that your buyer will not return years later to make claims against you based on title risks which you knew nothing about at the time of sale.

Far into the future, the First American Title Insurance Policy will be one of the most enduring benefits of this transaction - for you and your buyer.

The division of fees in a real estate transaction is subject to negotiation between the buyer and the seller. This is general information, please contact First American Title for a complete review of the policies.

You, as the buyer, will be responsible for paying the title insurance premium for the lenders policy on your home loan. First American gives you a big break on the cost for this important coverage.

First, the premium is calculated on the loan amount, not the sales price of the property. Second, because the seller is providing you with an Owners Policy, First American can give you a concurrent rate which results in a significant discount on the lenders policy.

In the simplest terms, the First American Title Insurance Policy does say to you as the buyer "you own it" and puts the financial strength of the nation's leading title insurance group behind it.



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