



Introduction

With few exceptions, a home represents the largest single investment most people will make in their lifetime. Thus, it is only natural that an owner will want to make that investment secure by protecting the basic proof of ownership. Title insurance is the most effective and least expensive way of doing just that. Title insurance is issued by a title company or title attorney. Title agents not only issue the policy they also conduct the closing process. Lender's require title insurance.

Most people don't really know what is involved in the closing process. The closing process is where all funds are disbursed, closing paperwork is prepared, title deeds are prepared and notarized. The closing is usually handled by a title company or a title attorney. Among their many responsibilities are:

- Cashing the buyer's deposit check and holding the money in the escrow trust account.
- Coordinating paperwork between the parties, agents, lender, title, insurance.
- Preparing and notarizing deeds and documents.
- Coordinating the funding of the loan.
- Paying off the seller's loan.
- Preparing the HUD-1 closing cost settlement statement for all the parties.
- Disbursing the sellers check and the agent's commissions.
- Prorating the annual property taxes and any other obligations

This is just a brief overview of the many responsibilities that the closing agent performs.

What is a Title

A title is the evidence or right that a person has to the ownership and possession of land. A defect in that title can be any legal right held by someone other than the owner to claim property or to make demands on the owner of that property.

What is Title Insurance

Title insurance is a contract to protect an owner against losses arising through defects in the title to real estate owned. If the title is insurable, the company guarantees the owner against loss due to any defect in title or expenses in legal defense of the title pursuant to the terms of the policy.

Why Buy Title Insurance

When a person buys a car or consumer goods, they seldom need to know whether the former owner is married, single, or divorced; whether they have paid their taxes or are involved in a lawsuit. But when a person buys a home, it is necessary to have all of that information and much more. For while he or she may own the property, others may also have rights in that same real estate.

A competent investigation can uncover such items as unpaid taxes, easements, restrictions and more. However, all items affecting the title are not contained in a single book, in a single office, or even in the same city. Then, add to this the possibility of human error at a multiplicity of points. Yet what is not in the public records often causes title problems. For all these reasons and many more, a property owner needs the protection afforded by title insurance.

What can make a Title defective

There are many possible causes of title defects that no examination can disclose. That is because they have never been recorded and thus do not appear in the abstract. A title insurance policy protects the owner against all of the hidden risks listed below, and many more:

- **Fraud** - False claims of ownership, forged deeds, wills, signatures, conveyances, instruments, false representations, false records of all sorts, illegal acts of trustees, guardians, administrators, and attorneys.
- **Human error** - Errors in copying, indexing, recording; errors by administrators, executors, trustees, guardians and attorneys; destruction of records.
- **Improper deeds and wills** - Deeds by persons of unsound mind, minors; deeds delivered after death or without the grantor's consent; invalid, suppressed, erroneous wills, missing heirs, unsettled estates.
- **Liens and other rights** - Liens for unpaid estate, inheritance, income, property and gift taxes; homestead rights, community property rights; irregular court proceedings, court opinion reversals, lack of court jurisdiction; defective foreclosures.



Southland Title & Escrow Co., Inc. is a full service real estate title escrow company offering a complete range of closing and escrow services. Our staff of "closing specialists" consists of professionals with banking and title expertise. We will work with you, your Realtor and/or mortgage representative to make your real estate closing or refinance a seamless, organized and pleasant experience.

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