

# *What You Need to Know* ABOUT TITLE INSURANCE

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Once you've secured your dream home, title insurance may not be at the top of your mind—but it's an essential part of protecting your investment. By understanding and securing title insurance, you're safeguarding your right to the property and protecting your investment from past issues that may arise.

- **Title** – When you purchase property, you don't just receive the land—you get title, or the right to possess and use the property. The title can be held in different ways, and other entities may have rights to portions of the property, like mineral or utility rights, liens for unpaid work, or tax claims.
- **Title Insurance** – Title insurance protects against issues with the title that may have occurred in the past. Unlike other types of insurance (like car or health insurance), title insurance covers events that already happened before the policy was issued, such as old liens or errors in past sales.
- **Owner's Policy** – This policy protects your ownership rights from fraud and mistakes, such as incorrect names or descriptions in previous deeds. A title company will perform a title search to check for problems like mortgages, judgments, and liens, which will usually be cleared before closing. If there are unresolved issues, they may be listed as exceptions. While the seller usually pays for the owner's policy in Idaho, this coverage is crucial to ensure your title is clean.
- **Lender's Policy** – Your lender will require a title insurance policy to protect their investment. This policy covers the lender from mistakes, forged documents, or unknown claims against the title. It's typically paid by the buyer and is based on the original loan amount.
- **Extended Coverage** – You can also opt for extended coverage, which provides extra protection against things like mechanics' liens. It's worth discussing with your title company whether you need this coverage, as it's not always available for all properties.
- **Choosing a Provider** – You have the right to choose your title insurance provider. Compare quotes, and ask about potential discounts (especially if the property was purchased recently). It's important to select a company with a strong financial rating.
- **Even New Homes Need Title Insurance** – Even if you're purchasing a new build, the land may have past claims or liens from construction that could affect your title. Title insurance ensures you're protected from these issues.