

# TITLE INSURANCE

We are affiliated with First American Title Insurance Company, the largest underwriter of title insurance in the State of Alabama, and one of the most well recognized names in the title industry throughout the United States.

There are two types of title insurance policies. The Owner's Policy protects the purchaser of the property against errors or pending legal issues that were in existence prior to the issuance of the new policy. The Lender's Policy protects the mortgage company and insures that a valid lien is on the property, held by the financial institution granting the mortgage. In order for Gulf South Title to issue a title commitment for your closing, a "title search" must be performed which will indicate the following information:

**Chain of Title-** a history of the ownership of the property, usually derived from the public records, such as the Probate Office of the county in which the property is located.

**Tax Search-** Determines the present status of any real estate taxes on the property, which will reveal whether or not the current year's taxes have been paid and if any prior years taxes are unpaid or past due. The tax search will also indicate any special assessments against the land, such as homeowners association dues, sewer impact fees, or fire district dues, and whether these assessments are paid or past due.

**Judgment and Name Search-** Determines if there are any unpaid or unsatisfied judgments against either the current owner of the property (seller) or against the prospective purchaser of the property. If a judgment appears, and it is determined (by a comparison of Social Security Numbers) that a judgment appears against a party to a transaction, these judgments must be paid off at the time of closing. The judgment is a general lien against the debtor's real estate and constitutes security for any money owed under the judgment.

**Commitment-** Once the search has been completed, the title company issues a commitment to insure, stating the conditions under which it will insure the title. The purchaser, seller and mortgage lender may proceed with the closing of the transaction after clearing up any defects on the title which may be uncovered by a valid search on the property and the parties to the transaction. Most mortgage companies require the title commitment to be issued prior to completion of final underwriting conditions and issuance of a loan package for the closing agent.

## **Why Does the Seller Need to Provide Title Insurance?**

Any prospective buyer will need evidence that his investment in the property is free of title defects. In fact, the sales contract usually requires it. Gulf South Title, in conjunction with First American Title Insurance Company, reassures the purchaser that the title has passed the most careful scrutiny, and it will ensure that the transaction closes quickly and easily.

## **Why Does the Purchaser Need Title Insurance?**

Without a title policy, the purchaser may not be fully protected against errors in public records, hidden defects not disclosed by public records, or mistakes in examination of the title for the property. As a result, the purchaser might be held fully accountable for any prior liens, judgments or claims brought against the property. However, the Owner's Policy insure that if such an event occurs, the purchaser will be defended free of charge against all covered claims and paid up to the amount of the policy to settle valid claims.

With a title insurance policy from Gulf South Title and First American Title Insurance Company, you will not need to worry that your new property's history will have any clouds over the title transfer.