



# UNDERSTANDING TITLE POLICIES

## WHAT'S THE DIFFERENCE BETWEEN A TITLE COMMITMENT AND A TITLE POLICY?



The title commitment comes before closing; the title policy is issued after closing. The commitment says that a title company is willing to issue title insurance under certain conditions and if the seller fixes certain problems. The policy provides coverage for the property.

## WHAT TYPES OF POLICES ARE THERE?

### *Owner's Policy*

The owner's policy protects you against losses from ownership problems that arose before you bought the property, but that were not known at the time you bought the property. For example, you could lose title to your property due to fraud, errors or omissions in previous deeds, or forgery of a previous deed. The owner's policy protects the buyer from the covered risks listed in the policy.

There are separate types of policies for commercial and residential property. The T-1 is commonly used for commercial property and undeveloped land. The T-1R is for most residential property.

### *Loan Policy*

The loan policy is issued to the mortgage lender. It protects the lender's interest in the property until the borrower pays off the mortgage. For a complete list of covered risks, see the Covered Risks section of the Loan Policy.