



# Why Two Title Policies are Required

## Title Insurance for Buyers and Sellers

Nearly every sale of a residential property involves the purchase of two policies of title insurance, an Owner's Policy and a Lender's 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 will choose your property for its features and amenities. Enhancing these amenities with an Owners Policy of title insurance from First American, 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 home loan is secured by the new home you are buying. Your lender will want to make sure that the security for their loan is protected by title insurance and that you are the owner of record. The Lender's Policy of title insurance insures your lender, and any purchasers or assigns of the loan, that their lien has priority over other liens not shown in the policy. Many lenders condition their loans upon the purchase of a Lender's Policy.

### According to real estate custom and practice

The seller pays a **one-time** premium for the new buyer's Owner's 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 Owner's Policy indemnifies the buyer against loss and provides a defense in the event of claims against the title pursuant to the terms of the policy. For a one-time charge, the buyer's Owner's Policy protects the buyer for as long as the buyer owns the property, and under the Eagle Policy, **forever**.

The buyer will be responsible for paying the title insurance premium for the Lender's Policy on their home loan. First, the premium is calculated on the loan amount, not the sales price of the property. Second, because the seller is providing an Owner's Policy, First American can give a concurrent rate which results in a significant savings on the Lenders Policy. In the simplest terms, the First American Title Insurance Policy says to the buyer "you own it" and puts the financial strength one of the nation's leading title insurance companies behind it. Far into the future, the First American Title Insurance Policy will be one of the most enduring benefits of this transaction – for seller and buyer.

\*This information is intended for informational purposes only and is not intended as legal advice.



**Steve Logan**

805.340.0902  
slogan@firstam.com

**Joe Siddens**

805.218.4515  
jsiddens@firstam.com



**First American Title**

800.854.3643 ▼ [www.firstam.com](http://www.firstam.com)