



A MESSAGE TO HOME BUYERS FROM THE ARIZONA DEPARTMENT OF INSURANCE

Buying a home is, for many of us, the most substantial, single investment we'll ever make and all of us want to make sure we do it right!

Most homeowners provide for security and safekeeping of their homes through homeowners insurance—to protect against hazards such as fire, theft and weather damage, yet title insurance offers protection to home ownership as well. "Title" is a collective term used to describe your legal rights to own, possess, use, control or dispose of your home.

As you know, one of the first steps in purchasing and acquiring title to your home is to choose a title insurance company to perform a title search on the property to make sure the title is free and clear of any unacceptable defects, claims or encumbrances. A title defect might involve unpaid taxes, liens, an undisclosed claim from an heir of a previous owner, or perhaps, just an easement from the local power company to install a power line on your property.

Your title insurance company will search the history of the property in the public records and issue a title policy assuring the condition of the title at the time of your purchase. There are two types of title insurance policies: a *lender's* policy (usually required by the lender to cover the amount of the loan) and an *owner's* policy (optional homeowner's protection for full property value). Should someone challenge your title (i.e., your legal rights of ownership), the title insurer must defend that challenge and pay all associated costs and loss in property value that might result.

As you prepare to make this important investment, please remember that Arizona Department of Insurance resources are available to help you make informed decisions about your title insurance needs. Please visit our website at www.id.state.az.us.

Sincerely,

Christina Urias
Director, Arizona Department of Insurance

