

# What's the Difference Between Standard & Extended Title Insurance?

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Title insurance covers you and, in most cases, your lender against defects in the title of your property. Defects in title are instances in which someone else has some type of claim to your property that could impair your rights to the property. The type of title coverage you buy determines the types of title defects for which you will be covered.



## Owner's and Lender's Coverage

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Two different parties have an interest in title coverage -- the owner of the property who wants to ensure that he owns the property without clouds and the lender that wants to ensure a legitimate title exists so it can foreclose if you do not pay your loan. A lender's title policy protects the lender's interest up to the amount of the loan. Owner's coverage protects the buyer of the property's interests if a title problem comes up. While lender's policies typically contain an extended level of coverage, the owner's coverage comes in standard or extended forms.



## The Standard CLTA Policy

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In California, standard coverage is frequently referred to as a California Land Title Association policy. A standard owner's policy will cover you against matters that are on the public record as well as against certain problems with deeds, including forgery, non-delivery and execution by someone who was not competent. In other words, if it turns up that the person who sold you the property acquired it through a forged deed and the previous owner returned to claim ownership rights, your title insurer would protect you.



## Extended ALTA Policies

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An extended policy, also referred to as an ALTA, for American Land Title Association, policy, covers you against many more risks. To get an ALTA extended policy, you will probably have to have a professional surveyor come out and map the land that you are buying. Once he does that, you get coverage against other parties or buildings encroaching on your land. You also get protected against unrecorded mechanic's liens from workmen, unrecorded tax liens and other imperfections in title.



## Exclusions

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Extended policies theoretically cover you against a number of things, but they usually come with exclusions. When you get a title policy, the title insurer researches the title, identifies existing issues and excludes them. On a clean property, the title insurer will exclude predictable items such as the county's authority to levy property taxes or utility easements that let the gas man check the meter. While these exclusions from coverage are normal, others can be more serious, and you might want to work with your real estate agent, title officer or attorney to cure them before you close on the property.