



Understanding Title Insurance: A Real Estate Agents Guide to Title Insurance

Prepared by Black Hills Title - The Clear Choice for Title & Closing Services in the Black Hills

What is Title Insurance?

TITLE is the ownership right to a property. **TITLE INSURANCE** protects those property rights.



What is it?

THE TITLE COMMITMENT

is the initial search of the property showcasing what will be insured and what will be excepted out of the policy. The commitment includes items like the legal description, the current vesting and easements of record.

Title insurance is a risk elimination product. So the majority of what the consumer pays for is to cover UPFRONT risk elimination expense. (all the curative work done before closing) This is different from most other insurance products and is often the most misunderstood aspect. Typically, other types of insurance assume a particular risk and provide financial indemnity in the event the risk occurs (i.e. a house fire). Title insurance, on the other hand, emphasizes loss prevention by reducing risk caused by title problems arising from past events.

The title commitment serves as a critical tool for both the buyer and seller, ensuring transparency and clarity about the property's title status before proceeding with the transaction. It acts as a preliminary report that highlights potential issues or requirements that need addressing prior to the issuance of the final title insurance policy. This document is divided into several sections, each providing essential information to safeguard the interests of all parties involved.

Key Components of the Title Commitment

Serving as the agreement between the title company and the insured party (the buyer), it is crucial to thoroughly review the title commitment schedules outlined below with your clients prior to reaching the closing table.

- Schedule A:** This section contains essential details about the transaction, including the effective date of the commitment, the proposed insured parties (like the buyer and lender), the amount of insurance coverage, the identity of the current vested legal owner, and the legal description of the property.
- Schedule B-I (Requirements):** This section lists the specific actions or documentation needed to finalize the transaction and issue the policy, such as recording the appropriate instruments or satisfying closing conditions. In some regions, items like unpaid taxes or mortgages may appear here as requirements to be paid; however, commitment structure and placement of these items can vary by market.
- Schedule B-II (Exceptions):** This section identifies matters that are excluded from coverage. In our market, many items such as taxes, mortgages, easements, or other encumbrances are shown as exceptions and will remain excluded unless they are resolved, paid, or otherwise addressed prior to or at closing.



Talking Title with Clients



WHAT IS TITLE INSURANCE?

Title insurance is a policy designed to protect your investment and property rights.

HOW MUCH DOES IT COST?

Title insurance is a one-time fee at closing, typically a minimal cost in the overall transaction.

DO I NEED A TITLE POLICY?

An Owner's policy may provide protection against unforeseen errors such as fraud and forgery, with title insurance offering financial coverage for these issues.

HOW LONG AM I COVERED?

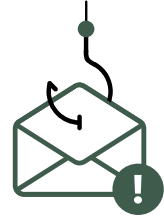
The owner's policy lasts for as long as you or your heirs own your property. And may continue to provide coverage even after you the sell property.

How to Protect Your Closings Against Fraud Attempts

Fraud schemes targeting real estate closings are on the rise, with criminals focusing on three main areas: wire fraud, business email compromise (BEC), and seller impersonation fraud. Each scheme can derail a transaction, cost clients life-changing amounts of money, and damage your professional reputation. As a trusted advisor, you play a critical role in protecting your clients by setting expectations early, recognizing red flags, and guiding them toward safe practices. The following sections outline the five most important safeguards every agent should know and share.

Business Email Compromise (BEC): 5 Smart Defenses for Agents

1. Protect your email with multi-factor authentication (MFA).
2. Check sender details closely — watch for misspelled or “lookalike” addresses.
3. Use two-step confirmation for any money or identity changes (phone + portal).
4. Remind clients and colleagues: email alone is never enough for funds or IDs.
5. Follow a strict office policy: payment changes require verified phone confirmation.



Wire Fraud: 5 Must-Know Tips to Share with Clients

1. Always call to confirm wiring instructions using a trusted phone number from your agent or title company (never the one in the email).
2. Be suspicious of last-minute changes — wiring instructions rarely, if ever, change.
3. Double-check the email address carefully — scammers often use addresses that look almost identical to your title company’s.
4. Watch for red flags like urgent messages, out-of-state or foreign accounts, or requests to use apps like Zelle/Venmo.
5. Pause before sending funds — if anything feels off, stop and call your agent or title company immediately.



Seller Impersonation Fraud: 5 Red Flags for Agents

1. Unfamiliar or out-of-state sellers contacting you to list a vacant lot or rental property.
2. Refusal to meet in person or on video — insisting on email or text only.
3. Rushed timelines — pushing for a quick cash closing without reasonable cause.
4. Suspicious documents or IDs — misspellings, mismatched names, or documents that look altered.
5. Pressure to use their chosen notary or attorney instead of local, verified professionals.



By adopting these practices, you can significantly reduce the risk of fraud impacting your business and clients. Remember, vigilance and proactive measures are key to safeguarding your transactions.

Next Steps:

After you’ve submitted the purchase agreement to the title company, ongoing communication is key. Staying in touch helps ensure they have everything needed for a smooth and successful closing. To make it easier, we’ve put together these brief checklists to highlight the key items you, as the agent, should review and complete.

Listing Agent Checklist

- Reviewed the title commitment with the Seller(s)
- Submitted the requested information to the title company for closing - Payoff Authorization, Deed Info, Commission, Invoices, HOA Info
- Key deadlines and special logistical closing information provided
- Reviewed the closing statement with the Seller(s)

Selling Agent Checklist

- Reviewed the title commitment with the Buyer(s)
- Discussed the significance of wire fraud and ways to safeguard closing funds.
- Submitted deed information to the title company
- Reviewed the closing statement with the Buyer(s)

Have specific questions? Call any Black Hills Title location to speak with a licensed title examiner or closing agent.

Find us at www.bhtitle.com