

WHAT TO KNOW

About Title Insurance

Title insurance protects your ownership right to your home, both from fraudulent claims against your ownership and from mistakes made in earlier sales, such as misspellings of a person's name or an inaccurate description of the property. In some states it is customary for the seller to purchase the policy on your behalf.

Your mortgage lender will require it.

Title insurance protects the lender (and the secondary markets to which they sell loans) from defects in the title to your home—which could include mistakes made in the local property office, forged documents, and claims from unknown parties. It ensures the validity and enforceability of the mortgage document. The amount of the policy is equal to the amount of your mortgage at its inception. The fee is typically a one-time payment rolled into closing costs.

There are two different policies to consider purchasing.

The first policy, the one your lender will require, protects the lender's investment. You may also purchase an owner's policy that provides coverage up to the purchase price of the home you are buying.

You have the right to choose your provider.

You can shop around for a lower insurance premium rate at a wide variety of sites online. You should first request quotes from a few companies and then reach out and speak to them. Ask about hidden fees and charges that could make one quote seem more attractive than another. Also, find out if you're eligible for any discounts. Discounts are sometimes available if the home has been bought within only a few years since the last purchase as not as much work is required to check the title. You can also ask your lender or real estate professional for advice or help with getting quotes. Make sure the title insurance company you choose has a favorable Financial Stability Rating with Demotech Inc.

Even new construction needs coverage.

Even if your home is brand-new, the land isn't. There may be claims to the land or liens that were placed during construction that could negatively impact your title.