

I'm refinancing, why do I need title insurance?

When you refinance you are obtaining a new loan, even if you stay with your original lender. Your lender will require lender's title insurance to protect their investment in the property. You will not need to purchase a new owner's title policy; the one you bought at closing is good for as long as you and your heirs have an interest in the property.

Even if you recently purchased or refinanced your home, there are some problems that could arise with the title. For instance, you might have incurred a mechanics lien from a contractor who claims he/she has not been paid. Or you might have a judgment placed on your house due to unpaid taxes, homeowner dues, or child support for instance. The lender needs reassurance that the title to the property they are financing is clear.

If it has been no more than 10 years since you bought your house or refinanced, ask for a reissue or discount rate. They are not available in every state, and you might have to meet some criteria to be eligible, so be sure to ask.

I'm buying a newly built home, do I need title insurance?

Construction of a new home raises special title problems for the lender and owner. You may think you are the first owner when constructing a home on a purchased lot. However, there were most likely many prior owners of the unimproved land. A title search will uncover any existing liens and a survey will determine the boundaries of the property being purchased. In addition, builders routinely fail to pay subcontractors and suppliers. This could result in the subcontractor or supplier placing a lien on your property. Again, lenders want to be sure the property has clear title, and they are insuring the correct property. Purchasing owner's title insurance will protect you against these potential problems and pay for any legal fees involved in defending a claim.

This and other information regarding title insurance may be found at www.CATIC.com.